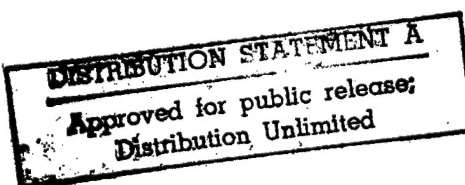


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CONTENTS

14 September 1992

INTERNATIONAL AFFAIRS

Slovak Prime Minister Discusses Visit to Hungary [Budapest NEPSZABADSAG 8 Sep]	1
Hungarian-Ukrainian Joint Committee on Minorities [Budapest UJ MAGYARORSZAG 29 Jul]	3
Turkish Parliament Member on Ties to Bulgaria [Sofia PRAVA I SVOBODI 31 Jul]	4
Prague Newspaper Examines Germany's Problems [Prague REPORTER Nos 31-32, 1992]	5
Status of Crossings at German Border Updated [Warsaw RYNKI ZAGRANICZNE 11 Aug]	6

BULGARIA

Deputy Prime Minister Vasilev on Podkrepa [SVOBODEN NAROD 31 Jul]	8
Former Defense Minister on SDS Intrigues [168 CHASA 4 Aug]	9
Controversy Over Chief Mufti Continues	11
View of Acting Head [PRAVA I SVOBODI 19 Jun]	11
Gendzhev Attacked [PRAVA I SVOBODI 19 Jun]	12
Domestic, Foreign Interests in Military Industry [168 CHASA 4 Aug]	13

CZECHOSLOVAKIA

Czech Foreign Minister Interviewed About Changes [Warsaw RZECZPOSPOLITA 2 Sep]	16
Political Aspects of Common Czech-Slovak State	17
Coexistence Interpreted [PRITOMNOST No 5, 1992]	17
Background, Current Framework [PRITOMNOST No 5, 1992]	17
Future Possibilities [PRITOMNOST No 5, 1992]	21
Czech-Slovak Relations: Historical Perspective [LIDOVE NOVINY 18 Aug]	23
Dyba on Czech Role in Divided Federation [HOSPODARSKE NOVINY 3 Aug]	24
Dubcek's Candidacy for Slovak Presidency Supported [SLOBODNY PIATOK 14 Aug]	27
Bures Interviewed About Commerce Chamber's Future [EKONOM 24-30 Jul]	28
Roundtable Discussion on Agriculture at Crossroads [EKONOM 7-13 Aug]	32

HUNGARY

SZDSZ's Koszeg on Threat of One-Party System [UJ MAGYARORSZAG 1 Aug]	37
Government Bans Distribution of Newspaper [HETI VILAGGAZDASAG 15 Aug]	38
Proposed National Defense Legislation Outlined [HETI VILAGGAZDASAG 15 Aug]	39
Major General on Key National Defense Problems [UJ MAGYARORSZAG 3 Aug]	40
Decisions on Infrastructural Development Viewed [FIGYELO 13 Aug]	41
Balance-of-Payments Surplus Calculation Revised [FIGYELO 30 Jul]	45
Correctional Labor Sentences Suspended	47
Text of Decree [MAGYAR KOZLONY 7 Aug]	47
Interpretation [HETI VILAGGAZDASAG 7 Aug]	47

POLAND

Issue of Disclosing Secret Informers Discussed [TYGODNIK SOLIDARNOSC 7 Aug]	48
Government Proposes Social Contract on Enterprises [RZECZPOSPOLITA 1-2 Aug]	50
Concepts of Farm-Debt Reduction Discussed [RZECZPOSPOLITA 5 Aug]	51
Highway Construction Hampered by Lack of Funds [RYNKI ZAGRANICZNE 4 Aug]	52
Pros, Cons of Tobacco Monopoly Discussed [RZECZPOSPOLITA 15 Jul]	53

CROATIA

Strategic Importance of Slavonski Brod Discussed [NOVI VJESNIK 22 Aug]	57
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SLOVENIA

Minister on Infrastructure Reorganization [DELO 17 Aug]	58
Croatian Protectionism Hinders Adria Airways [DELO 21 Aug]	59

YUGOSLAVIA

UN Sanctions Result in Trade Decline [EKONOMSKA POLITIKA 24 Aug]	61
Economic Fallout of UN Sanctions Reported [EKONOMSKA POLITIKA 24 Aug]	63
Breakdown of FRY Oil Industry Expected [EKONOMSKA POLITIKA 24 Aug]	65
Background of 'Ethnic Cleansing' Described [Paris LE MONDE 31 Aug]	67
Situation in Bosnian Krajina Discussed [NIN 21 Aug]	69
Serbian Republic of Krajina Political Struggles [NIN 21 Aug]	72
FRY Federal Minister Grubac on Minority Rights [NIN 21 Aug]	73
New Albanian Party Founded in Macedonia [NOVA MAKEDONIJA 20 Jul]	77
Serbian Party in Macedonia Holds News Conference [NOVA MAKEDONIJA 23 Jul]	77
RDSV Declaration on Autonomy of Vojvodina	78
Text of Declaration [BORBA 18 Aug]	78
Parties' Reaction [BORBA 18 Aug]	79
DEPOS Declaration Threatens Autonomies [VREME 24 Aug]	80
Details on Conflicts of Democrats in Serbia [NIN 21 Aug]	81
Democratic Party Vice Chairman on Rift [BORBA 22-23 Aug]	83
Kostunica on Alleged Cosic-Micunovic Link [SRPSKA REC 17 Aug]	85
Proposal on Conduct of Media During Elections [BORBA 27 Aug]	90

Slovak Prime Minister Discusses Visit to Hungary

*AU1009105392 Budapest NEPSZABADSAG
in Hungarian 8 Sep 92 pp 1, 3*

[Interview with Slovak Prime Minister Vladimir Meciar by Gyorgy Jozsef Farkas in Bratislava on 7 Sep: "Antall Cannot Maneuver Too Much"]

[Excerpt] [Passage omitted]

[Farkas] Mr. Meciar. You will hold talks in Budapest on 9 September. What is your opinion of the chances of a Hungarian-Slovak rapprochement? Do you see any possibility of coming to an agreement, or at least to advance toward a compromise primarily on the controversial issues, like Bos and the national minority problems?

[Meciar] I am particularly glad to visit Hungary now because this visit could give an answer to the possibilities of our bilateral cooperation for the third millennium. We must seek the opportunities of coexistence in our neighborhood and in our situation of interdependence by considering the prospects of rapidly joining the broad European integration. From that viewpoint, Bos and the national minorities are important issues; however, they are still only secondary issues. The two issues could be an important factor for agreement and progress, but cooperation cannot end with those issues.

[Farkas] The two issues are extremely important primarily for the Hungarians living in Slovakia, but also for Hungary itself. Do you see any possibility of a compromise over construction of the Bos power station and a bilateral agreement on guaranteeing the rights of national minorities living in the two countries?

[Meciar] We firmly oppose linking the two issues.

[Farkas] In your opinion, how can the differences of views and problems connected with the Bos power station be solved?

[Meciar] Bos is a technical problem for us, while Hungary focuses on the ideological and political aspects of the problem, and we consider that a mistake. No one questions the economic advantages of the Bos project regarding efficient transportation and energy production. As for environmental damage, we can reduce the damage later. The Hungarian side waived the contract, and we regard that step as invalid.

The CSFR side continues the construction according to the original contract and it seems that, while the politicians are bargaining, the project is being concluded. We will put the Bos river dam project into operation by the end of this year. There will be no federal government next year, a government that has had jurisdiction over the construction of this project so far. Therefore, Bratislava and Budapest will face a new and de facto situation. In our opinion, a solution to the problem would be to objectively evaluate the additional investments and the environmental damage caused by them, and we can also

envisage the modification of the original contract; however, we will definitely not agree on letting the original contract become invalid before drawing up a new one.

[Farkas] What is your reply to the Hungarian proposal to let the International Court of Justice in The Hague decide on the Bos issue?

[Meciar] We must clarify the object of the debate. The first point of the debate is whether the Hungarian side's withdrawal from the contract is valid and legal. We think it is not. The motives of the Hungarian side cannot be legally justified. The other point is the compensation that we will demand. If the two sides fail to come to an agreement, we could ask a third partner to mediate. That does not necessarily have to be the International Court in the Hague; the Council of Europe or the EC could also accept that role by the agreement of the two sides. As we see it, Hungarian Prime Minister Jozsef Antall does not have too much maneuvering room. He only received a mandate from the parliament to stop the construction of the project. Therefore, the Hungarian Government must come to a different agreement with its parliament. We understand the situation of the Hungarian Government, but we would also like our partner to consider our interests, too.

[Farkas] According to Hungarian experts, a partial deviation of the flow of the Danube River represents a violation of the Trianon Agreement and of other agreements as well. What is your opinion about that?

[Meciar] That is an incorrect position. The nature of the Danube River as a border river has remained the same.

[Farkas] Does the Slovak side fear an unfavorable international reaction following the deviation of the Danube River?

[Meciar] The slandering of Slovakia abroad will soon come to an end. We will be sorry if we have to conclude the Bos project without the Hungarian partner, because everything could be better and nicer together, but a situation could emerge in which we can only do one thing.

[Farkas] During his latest visit in Bratislava, [Hungarian Foreign Minister Geza] Jaszenszky proposed signing an agreement guaranteeing the rights of national minorities. What is your answer to that proposal?

[Meciar] We are aware of the Hungarian Government's efforts to sign bilateral agreements on national minorities. We do not agree with it. The national minority issue is not a Slovak-Hungarian problem, but an overall European problem, because there is no country in Europe without some national minority. Solving their problem is an overall European problem and, consequently, the basic norms have to be clarified by Europe. It is the responsibility of the countries to guarantee the rights of the national minorities. It is the responsibility of the Slovak Republic to care for the Hungarian minority in

Slovakia, and that obligation derives from our constitutional order, and not from possible bilateral agreements. Therefore, we do not want to accept Mr. Jeszenszky's proposal.

[Farkas] However, Mr. Jeszenszky has just declared in Bratislava that Hungary cannot have good neighborly relations with a country where the Hungarians that make up one of the national minorities are dissatisfied with their fate.

[Meciar] If that proposal is some kind of ultimatum-type demand, we will be able to wait. As I have already mentioned, we are seeking coexistence norms that will also be valid in the third millennium. We are convinced that, in the final analysis, any nationalist policy turns against the one who tries to use such methods, both domestically and on the international level.

[Farkas] Take, for example, South Tirol. German-speaking people in Italy make up 0.38 percent of that country's population; nevertheless, they received autonomy. That right strengthens, rather than weakens, Italy both domestically and at the international level. Why do you not regard this example as something to follow?

[Meciar] It is not correct to bring up examples by taking them out of the historical connection. A long debate took place about South Tirol, and the Austrians have not yet ratified the agreement on that autonomy to this very day. Therefore, the situation is completely different here. We feel a justified lack of confidence toward the demands for an autonomy that questions the jurisdiction and sovereignty of the state. Every attempt that starts from an ethnic affiliation could lead to anxiety. Take the example of the Yugoslav tragedy. No one could wish something like that.

[Farkas] Would you support the creation of a European national minority charter? Would the Slovak Government sign such a document?

[Meciar] Why exactly is the Hungarian side bringing up the issue? You are coming up now with the European national minority charter, after assimilating the majority of the Slovaks in Hungary. You adopted the human and citizen rights charter, and we fully respect that. Another viewpoint is that, when the settling of the national minority issue is discussed, the example of South Tirol, Finland, and Belgium are generally brought up, and not the example of Hungary. The legislation of your national minority law is delayed, and we do not know what the final version will be. Frankly speaking, if Hungary pays such attention to the situation of Hungarians living abroad, that fact will definitely make the situation of the Hungarian minority more difficult. We are also alarmed by the fact that the Hungarians living in East European or Central European countries make concerted demands for autonomy and the use of their mother tongue. If we agreed to that, every document in Slovakia would have to be published in seven languages. If Hungary demonstrates an example of how to broadly guarantee national

minority rights, we will gladly learn from it. We think that the national minorities living in Slovakia are in a better situation than those living in Hungary.

[Farkas] The fact that you regard the Copenhagen agreement and other international documents as the current maximum, while the Hungarian representatives regard them as the minimum of human rights, is the main reason for the increasingly deep confrontation and lack of confidence between the governing parties in Slovakia and the Hungarian parliamentary opposition in Slovakia. You have not accepted a single opinion or proposal in that regard; moreover, you clearly declared that the Hungarian parliamentary parties were not the legal representatives of the Hungarians there.

[Meciar] The Coexistence Political Movement or the Hungarian Christian Democratic Movement are not the only political representatives of the Hungarians living in Slovakia. There are Hungarians in the Movement for a Democratic Slovakia too, and there are even more Hungarians in the Party of the Democratic Left. Why should I not also regard them as the political representative of the Hungarians living in Slovakia? Why should we not listen to them too? Particularly when the leaders of the Hungarian parliamentary parties are coming up with unrealistic demands, demands that are not supported even by their voters.

[Farkas] Mr. Meciar! The policy of the aforementioned two Hungarian parties is based on an election program supported by almost 75 percent of the Hungarians in Slovakia....

[Meciar] I also participated in several election meetings with many Hungarians there and, therefore, I am well aware of their views. Without the propaganda of Hungarian television, the Hungarian coalition would have hardly made it into the Slovak parliament.

[Farkas] Mr. Meciar, more than 200,000 voters in Slovakia certainly did not vote on the basis of the programs broadcast by Hungarian Television, but on the basis of the aforementioned election platform.

[Meciar] Not exactly. However, it is a clear fact that the current policy of the Hungarian parliamentary coalition in Bratislava serves neither the interests of the Hungarian national minority, nor the interests of Slovakia. When we say that we must preserve our territorial integrity, they say that we are violating the right of the national minorities for self-determination. At a meeting, a Hungarian parliamentary representative claimed that we wanted to send the Hungarians beyond the Danube. Can one negotiate under such conditions?

[Farkas] Extremists' views can occur on both sides. It is the fundamental interest of the Hungarian coalition and of the Hungarians in Slovakia to settle their rights according to European standards.

[Meciar] The state should settle that at a European level. It is the constitutional obligation of every country to care for every citizen.

[Farkas] Here and now, how do you envisage the prospects of cooperation among the Visegrad Three, and later the Visegrad Four?

[Meciar] The Slovaks want to become the subjects, rather than the objects, of events in Central Europe. We will not divorce the Czechs completely, nor will we depart with bitterness. We will soon sign agreements that are similar to the cooperation documents signed in Maastricht. As for the Visegrad countries, the Czechs will provide a consultative role to this loose cooperation in the future, and we regard economic cooperation as the major thing. Hungary is also facing a relatively serious economic and social tension and we are anxious not to see the events drift toward nationalism. We are talking about complex and serious problems, but one has to be aware of the fact that the borders of the European Community will probably end in Slovakia and Hungary; therefore, it is our common interest to keep the controversial processes within a rational limit and to strengthen mutual confidence.

Hungarian-Ukrainian Joint Committee on Minorities

92CH0846C Budapest UJ MAGYARORSZAG
in Hungarian 29 Jul 92 pp 1, 3

[Article by DAL: "Hungarian-Ukrainian Joint Committee on Minorities Formed; Opening of New Border Crossings Possible"]

[Text] The Hungarian-Ukrainian Joint Committee on Minorities, created in the spirit of the minority declaration, which had been accepted earlier, held its first meeting in Budapest. Journalists were informed yesterday of the purpose of the committee and the work that had just been accomplished.

Under Secretary Geza Entz, chief of the Office of Hungarians Beyond the Borders, began his report with the statement that the decision to form a Hungarian-Ukrainian Joint Committee on Minorities had been made earlier in order to transform principles into reality and to jointly monitor their implementation, and it has just started its work. The under secretary told us that representatives of both parties will meet twice a year to survey current bilateral issues as well as the possibilities for international cooperation. He deemed it a progressive characteristic of the committee that together with representatives of the competent ministries it also includes minority organizations from the two countries, such as the KMKSZ [Hungarian Cultural Alliance of Sub-Carpathia] and the alliance of Ukrainians and Ruthenians in Hungary. (According to the latest data, 674 persons declared themselves native speakers of Ukrainian and Ruthenian.) Geza Entz said that apart from the continual assessment of the situation, the tasks

of the joint committee will also include drawing up various recommendations for the governments.

Speaking of the contents and atmosphere of the present meeting, the under secretary stated that a joint political will prevail in the discussion of the practical problems that life presents. He added that the questions frequently involve difficult financial aspects. In spite of the problems, in Geza Entz's opinion it would be desirable if we could have cooperation of this quality with all of our neighbors on matters concerning minorities. Presenting the theses and recommendations formulated in the course of the first conference, the under secretary stated that after Croatia, we encourage further countries to join the exemplary Hungarian-Ukrainian declaration on minorities. At the same time, the two parties expressed their intention to cooperate in the international protection of minorities, for instance in the European Council, in which Ukraine currently has the status of an observer, or in the Middle-European Initiative. The members of the joint committee are urging speedy solutions to the unsettled issues of border crossings, the completion of construction on the Beregszasz hospital, and the establishment of the planned Beregszasz Hungarian national theater. An important point of the recommendations endorses the coordination of textbooks on history and geography, and the formation of a joint committee of historians, said Geza Entz.

The Ukrainian delegation was led by Deputy Foreign Minister Mikola Makarevich, who on his part, expressed great satisfaction in view of the favorable development of intergovernmental connections, and related that he had also conducted a useful exchange of experiences with Hungarian Foreign Minister Geza Jeszenszky. As Makarevich said at the press conference, the Ukrainian party informed its Hungarian partners that Kiev will do its utmost so that the question of national minorities, which also has an influence on intergovernmental relations, would not be dropped from the center of attention in Ukraine. As a good example he quoted the fact that the parliament of the republic recently passed a law on minorities. Speaking of the Hungarians in Sub-Carpathia, and bringing to mind the committee's assessment, he said that their situation is completely satisfactory. However, this does not mean that there will be no further possibilities and expectations, about the fulfillment of which one will have to make joint decisions. Speaking about various pursuits of autonomy, the Ukrainian diplomat stated that Article No. 6 of the law on minorities regulates cultural autonomy, and in Kiev's opinion, Ukraine complies with this law.

A recurring topic at the press conference was the situation of travel and border crossings, which can be called truly unfortunate today. Concerning this topic Geza Entz stated that next to real financial and bureaucratic problems, it is not ideological-political fears, but rather economic fears that stand in the way of progress. At any rate, on the basis on what was said, it is encouraging that the Ukrainian party seems to be prepared for improvement (they spent \$1 million on infrastructural projects),

and the scheduled opening of border crossings are only lacking one last approval by experts. If all goes well, perhaps as soon as September three new border crossings will be opened between Ujlak and Tiszabecs, Asztely and Beregsurany, and Mezokaszony and Barabas.

Turkish Parliament Member on Ties to Bulgaria

92BA1326A Sofia PRAVA I SVOBODI in Bulgarian
31 Jul 92 p 8

[Interview with Ali Dincer, chairman of the Foreign Affairs Commission of the Turkish Parliament, by Myudzhakhit Dyukyandzhu; place and date not given: "Turkey and Bulgaria Are Experiencing Their Most Positive Relations So Far"]

[Text] Asked, "Do you consider it normal that Bulgarian Turks are currently going to Turkey with tourist or immigration visas and becoming permanent residents of that country?" Mr. Dincer answered, "No, I find that neither normal nor proper."

Ali Dincer was born in the village of Samuil, in Razgrad Okoliya. In 1950, when he was only four years old, he moved to Ankara with his parents. There he graduated from the engineering department of the Middle Eastern Technical University. He is former chairman of the Ankara municipality and currently a deputy representing the Social Democratic Popular Party in the Turkish parliament and head of the foreign affairs commission in the Turkish parliament.

[Dyukyandzhu] Mr. Dincer, could you tell us the purpose of your visit to Sofia?

[Dincer] Naturally. Along with the plan for Black Sea economic cooperation, we are working on establishing a parliamentary union, in connection with which I was asked to present to Mr. Stefan Savov, chairman of the Bulgarian parliament, a letter of support signed by Husamettin Dzindoruk, chairman of the Turkish Grand National Assembly. We exchanged views on organizing a similar joint parliament. I met separately with the budgetary, planning, and economic commissions of your National Assembly. In the course of those meetings, we exchanged views on the further development of economic, cultural, and political relations between Turkey and Bulgaria.

[Dyukyandzhu] When and where will this parliament you mentioned be established?

[Dincer] It is impossible at this point to set the date and place of such a joint parliament. Talks are currently under way with all Black Sea countries. Letters of intent have been sent to each of them. Later, depending upon the answers we receive, a conference will be convened to draw up the statutes. In light of that document, the individual parliaments will define their views and decisions.

[Dyukyandzhu] Could you tell us your views on relations between Bulgaria and Turkey?

[Dincer] Bulgaria and Turkey are experiencing the most positive period of their history. I believe that will continue. On the basis of their potential, both countries would benefit and achieve good results. That would be to the benefit of the Balkans, Europe, and the rest of the world.

[Dyukyandzhu] The Turks in Bulgaria are afraid and feel pushed. What is your view? Do you believe that what they experienced in the past could be repeated?

[Dincer] To begin with, I myself was born in Bulgaria, and I have many relatives in this country. This land is native to both me and them. My relatives must work hard for Bulgaria's advancement and development. What matters now is to invest the necessary efforts to promote democracy and the defense of basic human rights and freedoms in Bulgaria.

[Dyukyandzhu] Do you consider it proper that Bulgarian Turks are leaving for Turkey either in the normal way or with immigration visas and not coming back?

[Dincer] No, I do not deem that proper. They should remain here, in their own land, to work for the dynamic development of Bulgaria. By showing persistence, patience, and the necessary efforts, they would realize quite soon that that is precisely the way to achieve better results.

[Dyukyandzhu] Is Turkey doing anything to put an end to immigration?

[Dincer] As it is, our current population growth is quite high. There is unemployment, perhaps totaling 6 or 7 million people. Because the desire to emigrate exists throughout the world, Turkey's possibilities in that area are limited. To adapt to the new living conditions, people who arrive in Turkey must work no less than 15 to 20 years, much harder than they did in Bulgaria. In Bulgaria, they could have a much better life.

[Dyukyandzhu] What would make Turkish businessmen more interested in Bulgaria and in investing their capital here?

[Dincer] Yes, there is interest, and it is reciprocal. Furthermore, let me point out that Turks who live in Bulgaria could organize their businesses right here, and quite well, in their homeland. For example, enterprising Turks have come from as far away as Erzurum and Izmir to Razgrad to open bakeries. Those who live here in Razgrad could also organize such businesses. It is simply a matter of organization.

[Dyukyandzhu] Thank you, Mr. Dincer.

Prague Newspaper Examines Germany's Problems
92CH0899A *Prague REPORTER in Czech* Nos 31-32,
1992 pp 18-19

[Article by Antonin Mestan: "Today's Germany and Us"]

[Text] Some 25 years of working in Germany does not mean that I understand everything that is happening in Germany. It would also be daring to want to make some kind of certain predictions. If I read the Czech press and speak with my acquaintances in Bohemia, I have the impression that we have Germany experts galore. That would be good; Germany is our most important and strongest neighbor. However, I have serious doubts whether our country is truly swarming with actual experts on Germany.

I am living near the French and Swiss borders and here the eastern neighbors of Germany have always been considered somewhat exotic. Not even the interest of the broad masses regarding the so-called GDR was overly great and the unification of Germany took place there without any great insurrection. In intellectual circles and among politicians, unification was accepted as positive and judgments were delayed. The optimistic views of Bonn officialdom regarding the fact that the former GDR could soon be put on its feet with the help of bank capital soon gave way to unhappy government admissions: An economic catastrophe, which is much greater than had been thought, is raging in the eastern part of Germany and western Germans will have to pay higher taxes and make contributions to the German east. Of course, no one in western Germany is happy with the fact that east Germans have to be purchased. In taverns, at the barbershop, aboard trains, and even at workplaces, people have begun to grumble; the target of criticism has not been so much the government in Bonn or even the former communist nomenclatura in the GDR, but rather the east Germans themselves. The newspapers write about the fact that in the former GDR financial resources are not being utilized so much for investment in the ruined economy as for the rapid increase in personal consumption—primarily for the purchase of luxury products. A significantly large number of Germans from the former GDR are moving west and, in the eyes of the west Germans, are competing for jobs, which are in short supply. A shortage of affordable apartments became even more exacerbated because the arrivals from the east have to live somewhere. The eastern part of Germany is in need of specialists from the western part of the country, but no one is rushing to move there; even the promise of significantly higher salaries is not helping.

Economic commentators draw attention to the fact that inadequate investments in the eastern German economy lead to a significantly longer period required to reconstruct eastern enterprises than had been anticipated. The unification of Germany revitalized the boom only in western Germany, whose consumer goods industries praise that development. Eastern enthusiasm for western

products led to the fact that few local products are being sold in the former GDR while purchases of western German textiles, cleaning products, perfumes, as well as beer, foodstuffs, and even fruit and vegetables are being bought. The number of unemployed in the eastern part of the country is not declining and it is no secret that they are paid primarily with funds from the west.

Dissatisfaction with developments in the eastern part of Germany is showing up both in the former GDR and also in western Germany. Even the recent election successes of the rightist parties are, to a substantial extent, manifestations of this dissatisfaction. And, for example, in the neighboring French region of Alsace, the unification of Germany is beginning to be perceived as a negative manifestation: German firms which planned the development of new industrial enterprises there, backed away from these plans after 1989 and are transferring that capital to eastern Germany. French-speaking and German-speaking Alsatians have read in the newspapers that as far as investments of foreign capital into the economy of eastern Germany are concerned it is French banks, which stand in first place.

Eastern Germans rightfully complain that they are frequently considered as if they were troublesome poor relatives. The press and television in the west makes cheap jokes at their expense and they are given to understand that prosperity in the western part of Germany was created through hard work over a period of four decades. In other words, they should do more work in the east, buy less nonessential goods, and arm themselves with patience for the long pull.

For decades, the countries of the Eastern bloc represented a threat of war in the consciousness of the West Germans. Everyone was afraid of the Russians and their allies because Germany would naturally be the first victim of their armies, which were armed to the teeth. The breakup of the communist bloc and particularly the breakup of the USSR brought about only a short term of relief: Today, the Germans fear the wave of immigrants from the east. They absolutely fail to understand the fears of some Poles as well as Czechs that the Germans will return to their one-time homes in the east. No one is getting ready to go back and not even refugees from the former GDR are rushing to return to that part of the country. Nostalgic recollections are beginning with respect to the times when communist passport offices and communist border guards were permitting the citizens of their states to enter Germany only in dribs and drabs. The notion that the entire German minority of two million souls from the former USSR should migrate to Germany even horrifies the politicians in Bonn. Yet, in the meantime, Germany already has a permanent population of more than 200,000 Poles and their numbers are constantly growing. Some Polish newspapers are warning of a return of Germans to Silesia, but, instead, the movement of the Polish population across the German border toward the west has begun.

In the former communist countries, everyone is looking forward to these countries becoming members of European organizations with full rights as soon as possible. The German public is more and more afraid of such a vision because it would mean that people from the east could settle anywhere in the west without permission. The notion that then several tens of thousands of nostalgically minded older people or adventurous entrepreneurs would emigrate from Germany to the east, but that then millions of Czechs, Slovaks, Poles, Hungarians, etc., might immigrate from the east is today beginning to be more frightening yet than was the case with communist tank divisions stationed at German borders in the recent past.

The fears of people in the former communist countries, involving the influx of German capital, are encountering a lack of understanding among broad circles of the German public. Many see the export of German capital to the east in fact as a weakening of the development of the German economy, where this capital will be lacking. It is in fact possible that the invested capital may be totally lost in the east. And moreover, German money is building industries in the east which will soon begin to compete with German goods throughout the world.

At German ministries, endowments, scientific institutions, and universities, irritated reaction to the words "sponsor," which is ever more frequently heard from the east, is beginning. They are already beginning to write about the fact that the call for German sponsors is ceasing to be a socially acceptable form of begging and is sometimes becoming an expression of pressure or even extortion. Individuals, organizations, as well as state offices in the east frequently specifically press for German officialdom to finance one thing or another.

In Germany, there is a growing degree of "fatigue with the east"—fatigue involving the eastern part of Germany in the former GDR and eastward of the German eastern borders. Occasionally, dissatisfied individuals in the former GDR are heard to say that they were better off under the communists. Some dissatisfied elements in western Germany agree with them. Those who are particularly thoughtless claim that the removed communist barbed-wire fences on the eastern side of the German border should be renewed. If the eastern neighbors of Germany are not going to be willing to do so, the Germans themselves should build this fence.

German democracy in the western portion of the country is strong and durable. Despite all problems and despite the millions of unemployed, the German economy is doing well. In its absolute majority, the German public has a positive attitude toward the unification of the country and recognizes that the eastern part of Germany must be aided. This public considers today's German borders to be definitive and does not see any reason why the Poles and the Czechs should be afraid of Germany. The Germans understand that just like the Marshall Plan helped Western Europe with U.S. resources after 1945, Western Europe must help Eastern Europe today (with

Germany as the strongest component of Western Europe, it must provide most of the help). It is hardly possible to expect any enthusiasm regarding these tasks and sacrifices. However, the eastern neighbors of Germany can be grateful that, since 1945, the FRG has succeeded in creating an economic colossus along with a functioning democracy. German political authorities understand that it is necessary to patiently convince their eastern neighbors of the fact that any kind of "Drang nach Osten" is out of the question. It would be good if the eastern neighbors of Germany would begin to convince the Germans that there will not be a movement, which could be dubbed "Drang nach Westen," and if they could begin to create conditions for such an assurance.

Status of Crossings at German Border Updated

92EP0626B Warsaw RYNKI ZAGRANICZNE in Polish
11 Aug 92 p 6

[Article by (S. Sok.): "On the Polish-German Border: New Crossings, Bridges, and Terminals"]

[Text] There is still a lot to do so that it will be possible to cross the Polish-German border quickly and without problems. To improve this situation, regular meetings are organized between representatives of the Ministry of Transport and Maritime Management of the Republic of Poland, and representatives of the Federated Ministry of Communications of the FRG.

The last of these meetings took place this July in Szczecin, and covered bilateral relations in transport and international traffic, and the rebuilding of border crossing points. Also, there was an exchange of information on current Polish and German transport policy and on privatization of transportation companies.

One particular settlement at the meeting in Szczecin should be noted: the initializing of a contract on connection of highways and on building new custom houses at the new crossing point in the area of Zgorzelec and Gorlitz. As we were told by Adam Kalinowski, Director of the Department of Foreign Cooperation within the Ministry of Transport and Maritime Management of the RP, in August construction work on a new border bridge north from Zgorzelec will begin and through this bridge a new Polish-German highway will be conducted. The Germans are already building a highway from Budziszyn to the border, while Poland is preparing construction of part of the highway which will connect a new crossing point with the old Wroclaw-Olsztyn highway.

Both parties intend to work on railroad transportation, inland shipping and sea transportation. A joint working group will be formed to work out a project on new high-speed Warsaw-Berlin and Wroclaw-Dresden railroad lines. The Warsaw-Berlin route will be a part of the European London-Moscow route, which will go through Poland on a completely new route.

This year two new crossing points, between Kostrzyn and Kietz and between Osinow Dolny and Hohenwutzen, are to be opened. But to be able to open the Kostrzyn point, we need to rebuild a bridge on the Odra River. According to the old contract with the former East Germany, the Germans should have taken care of the bridge, but they did not do it and now there is a problem with funds for its complete reconstruction. But the bridge in Osinow is in good shape, and by all indicators, after only minor reconstruction we will be able to open the Osinow-Hohenwutzen crossing point this October.

Reconstruction work on the crossing point in Swieck should pick up speed soon. A second border bridge will be built; a junction near Slubice will be developed; and a road to a new truck terminal being built 4 km from Swieck is going to be built too. We will receive from the Germans DM40 million pledged by Helmut Kohl for that purpose.

Both parties also declared their intentions toward full cooperation in terms of privatization of transportation companies. It seems that we should use rich German experience more often and more broadly. It was emphasized in Szczecin that there is a great need for cooperation in the development of a grid of highways and in their funding, including new ways of searching for new financial sources.

Both ministries will, according to their abilities, discuss proposals for ways to improve the border traffic and will report it to the appropriate authorities. Working groups will continue to study other problems in transportation between the two countries.

The meeting in Szczecin was the next step toward the creation of a convenient and efficient transportation system between Poland and Germany, and toward adapting the present communication system to the current and future needs of both countries.

Deputy Prime Minister Vasilev on Podkrepa

92BA1302A Sofia SVOBODEN NAROD in Bulgarian
31 Jul 92 p 7

[Interview with Nikolay Vasilev, minister of education and science, by Yulita Grigorova; place and date not given: "Politics Without Trade Unions Is the Equivalent of Suicide"]

[Text] [Grigorova] Mr. Vasilev, are you afraid that the physicians' strike will lead to a teachers' strike?

[Vasilev] Naturally, it bothers me, but I would not say I am afraid. Realistically, I expect the teachers to support the physicians and to formulate their demands in some way. Incidentally, they are demands I support.

We must not let the teachers become the most neglected social stratum. That does not speak well for Bulgaria. We frequently say that we are trying to approach the level of civilized Europe, its standards and its requirements. One of the steps in accomplishing this is creating a change in attitude toward the various types of labor because in the West no labor is scorned or considered bad.

On the other hand, it is very important to assess the quality and worth of manpower. In the West, intellectual, information, and scientific products are valued much more highly. I realize that in our country things cannot change immediately. However, the teachers who are educating our children, who mold them as people, must not stay at the bottom. That is shameful. It is in that sense that I back their demands, realizing the danger of a strike wave, an escalation of tension, and a new inflationary spiral. However, the government must change its attitude.

Some may say that not all teachers are good. However, each area has its professionals and others who are not all that good. To date, we have no wide, free labor market or internal manpower migration. When such things develop, I hope capable people will always find their rightful place.

[Grigorova] How do you see the development of the conflict with Podkrepa?

[Vasilev] I have frequently repeated, ever since the present government was established, that that should not take place! In these times, which are so difficult for all of us, to make policy not only without trade unions but even in a state of confrontation with them should not take place. That is the equivalent of political suicide.

Any analogy with Thatcher makes me laugh. Who are we to start applying Thatcherism in a bankrupt country? That is unrealistic.

[Grigorova] Do you think one of the consequences could be the overthrow of the government itself?

[Vasilev] The reactions of the trade unions and the government are not yet apparent. Nevertheless, I hope things will not go that far. I could see that as a theoretical possibility, however.

[Grigorova] On the political level, would it be possible to lose a great deal of the SDS [Union of Democratic Forces] electorate if there were a major confrontation with Podkrepa?

[Vasilev] I believe that Podkrepa and the SDS are merely two parts of a single entity. They must not fight each other. I categorically oppose any war with Podkrepa or a war on the SDS.

[Grigorova] Why do the Varna Free University students continue to live in tents around the National Assembly? Does that mean the case is not closed?

[Vasilev] That is their right, and I am against using force to prevent them from doing so regardless of the fact that, in the final analysis, that tent city was erected as a sign of protest to my views and those of the ministry.

[Grigorova] You are accused of negativism toward "young people" in Bulgaria....

[Vasilev] Expressing my regrets about the civic behavior of 2,000 people cannot be grounds for the charge that I am against 2 million young people in our country. They do not represent Bulgarian youth. They are not representative of all young people in Bulgaria. I am not against them. On the contrary. In parliament (had they listened objectively), I expressed my full support for their demands. I said we would take care of them.

[Grigorova] Is it true that the memorandum issued by the national student conference has been "gathering dust" in your office for quite some time?

[Vasilev] We have been working for several months on some of the questions it raised, not because we intend to issue ultimatums but because that is our policy. We have focused our attention on the legislative resolution of the problems.

At the meeting with the students, I explained that we have selected a specific strategy but realize we cannot submit a complete law on education and science in Bulgaria, which is why we changed direction. We drafted a series of laws, each of which logically follows the previous one. I hope they will be passed by the National Assembly before the end of the year. In that sense, we are meeting their demands. Why do I have to answer the memorandum after having really worked on such issues?

We have a plan for an Education Bank, which would offer student loans at most favorable conditions. We have a draft bill on national academic accreditation that fundamentally will begin to change the situation in the field of education.

[Grigorova] So far, however, not a single draft bill dealing with education has been debated in parliament....

[Vasilev] So far, the National Assembly has passed, on a priority basis, a number of important economic laws. I believe that, henceforth, greater attention will also be paid to laws pertaining to education and science.

[Grigorova] Are your ambitions, both political and personal, related to the field of education?

[Vasilev] Yes. I am trying to persuade the people that the restructuring of higher education establishments is necessary. My ambition is to accomplish something in my position, which was assigned to me by the National Assembly, and to provide an impetus in that area.

[Grigorova] What are you least able to accomplish for lack of time?

[Vasilev] I would very much like to do some writing. That is not a pretense because I am not talking about my scientific work alone. I would like to publish political articles on contemporary life, which is what I have always done. Now I can only sketch ideas and try to interpret the processes developing in our country.

[Grigorova] Do you intend to eventually go back to university teaching?

[Vasilev] I will need at least half a year before I am ready. It is an illusion to believe that, in a single day, I could become a teacher again. I will do it, but it will take a great deal of time before I am ready.

[Grigorova] What currently worries you most?

[Vasilev] The conflict between the SDS and Podkrepa. It seems to me that, in the course of it, the hopes of many people may become a casualty.

[Grigorova] Are there people in the government who share your views on the development of reforms in Bulgaria, people you trust?

[Vasilev] Yes, I have people close to me who share my concerns and who are annoyed by the same things that annoy me. They are truly concerned with democracy in Bulgaria and would like to work for it.

Former Defense Minister on SDS Intrigues

92BA1313A Sofia 168 CHASA in Bulgarian 4 Aug 92
p 6

[Interview with former Defense Minister Dimitur Ludzhev by Milena Dimitrova; place and date not given: "Kostov and Dimitrov and Their Advisers Are Quietly Dreaming of a Dictatorship"]

[Text] *I was slow to understand that Filip Dimitrov prefers conflicts behind a screen, Dimitur Ludzhev says, and accuses high officials of socialism and other sins.*

[Dimitrova] In its last plenary session, the parliament gave up control of the government.

[Ludzhev] The government is not truly controlled by parliament, which is why my colleagues and I insist on establishing real procedures for control by the National Assembly and the SDS [Union of Democratic Forces] parliamentary group over the ministries and departments. Why should we kid ourselves? At the present time, the high officials can do anything they please, and it is very difficult to catch them at it.

[Dimitrova] According to Verzhiniya Velcheva, you are the leader of a silent support lobby in parliament.

[Ludzhev] I thank Miss Velcheva. I have always been in favor of maintaining good relations with Podkrepa. The problem lies elsewhere, however. Some people, mainly literary workers with well-developed imaginations, are afraid of losing their unquestionable prime leading roles in parliament, which is why they keep seeing conspiracies and lobbies. It is true that there is a group of parliament members who have quite clearly expressed their disagreement with the political strategy and leadership of the SDS. They are not exclusively Podkrepa sympathizers. No one, least of all I, is hiding. G-39 is merely a historical phenomenon, not the entire SDS, such as it is today.

[Dimitrova] What has become known about the military coup you allegedly organized?

[Ludzhev] There were two versions. One was of a military coup and changes in the military leadership. The other day, Minister Staliyski said to the parliamentary group that this was totally false. He is saying that now but previously was silent, something I fail to understand. It appears that pressure was exerted by some people, such as the prime minister, presidential adviser General Stoyan Andreev, and others. This was a false trail, a smokescreen designed to remove me from the National Security Commission and put a halt to the military reform, which is what actually happened.

[Dimitrova] How did the military reform stop?

[Ludzhev] Mr. Staliyski was the first to note that there was a certain withdrawal from the basic principle of the reform, from the prime role of the political and civil leadership of the military. The SDS can exercise public control and regulate the military, first of all by appointing civilians with a modern frame of mind to responsible positions in the main defense areas. The second requirement is that anything in the area of defense be known. Third, it must be within the framework of the law. Since the middle of April, more than 12 laws and legal acts have been blocked by the Council of Ministers, such as the Law on Defense and the Armed Forces, the military service regulation, and many others. The new structures have not been introduced, and the entire process of application of our military doctrine and the new concept for the democratization of the Bulgarian

Army were halted. This applies to the service, to officers' careers, and to the selection process.

[Dimitrova] Yes, but the government submitted to the parliament, before its recess, a draft bill on the state lottery and a draft resolution on individual pensions.

[Ludzhnev] We are obstructed by the lack of clarity in the Cabinet. In my time, the same situation prevailed, and no one knew precisely what had to be done. In this case, the problem is not one of the program per se. The problem is the concretization of state policy for the implementation of the basic electoral intentions of the SDS—that is, through a series of resolutions and laws in several areas, which should also reflect agreements reached with the International Monetary Fund and the World Bank. We are convinced of the need to have a market economy and a reform....

[Dimitrova] And other similar jokes.

[Ludzhnev] Yes, jokes. In practice, it is the opposite that happens. When I was a member of the Council of Ministers, it was an object of constant dispute. The governmental majority headed by Minister Kostov is promoting different principles. He stresses that the essence of politics is to have stable state institutions. Mr. Kostov said in a discussion that the state relies on the administration, which, in turn, depends on the budget, so that the budget is therefore everything. He considers the budget a mechanical redistributor, a mechanical sum of revenues and expenditures—that is, a budget of a socialist type. A government that does not have a short-term and a long-term program works on a day-to-day basis. However, it is engaged mainly in protecting the existing socialist-type administration and the socialist economy.

[Dimitrova] Are there other options?

[Ludzhnev] His defenders are noted literary workers who consider themselves big politicians and who claim that there is no other alternative, although they have not looked at the figures and specific developments to see whether other options exist. Clearly, they do not know what liberalism means. More specifically, I am referring to Yordanov, Sugarev, and some others, who, of late, have become the main spokesmen on economic problems and reform in the parliamentary group. The BSP [Bulgarian Socialist Party], the so-called opposition, is engaged exclusively in criticizing the poor management of socialist property in Bulgaria. The outcome is that the main objectives with which the reform was undertaken were left hanging in the air and started serving the administrative mechanism. Subsequent to the stabilization program, which had to fulfill its basic anti-inflationary and stabilization objectives by September-November of last year, the next period was to start: the creation of institutions for a market economy and real market subjects and the restructuring, the transformation of state to private ownership. Even the naked eye can see this, and I congratulate 168 CHASA for an article by the U.S. professor who said that one cannot speak of

private business and enterprise when the subjects and institutions are not found in the marketplace. Is there a law on public enterprises, whether state or public? Is there a law on private business that would encourage the foundations of our economy? Are there priority national programs for various areas in which to stimulate the development of the private sector? Are there tax and credit facilities? Is the banking reform advancing? Is there a chamber of accounts? All of this was scheduled to be enacted in 1992. Now we are postponing it to 1993. I am not certain in the least....

[Dimitrova] Instead of alternatives, you are listing the sins of the government.

[Ludzhnev] That is where the alternative is. What is most typical is that, for an entire year, the law on drafting and spending the national budget has been dragging. Why? Very simply, once there is a law, the budget will not appear as viewed by Mr. Kostov, as a mechanical sum of figures, but will become a document on financial policy aimed at the restructuring of our economy. That is not my job, says Mr. Kostov. How can the restructuring of a socialist economy into a market economy not affect the minister of finance?! He simply prefers to keep the money in his hands and decide who should get it.

[Dimitrova] Was that your main conflict with Filip Dimitrov?

[Ludzhnev] My relations with Filip have not worsened. In general, he avoids direct confrontation. I subsequently realized that he prefers conflicts behind a screen. Our arguments were mainly with Kostov and Pushkarov and were about matters of privatization. The creation of an agency has been greatly delayed! Throughout the year, nothing was prepared. There is not even a concept for privatization. We still do not know whether we shall use the Hungarian or the Polish experience or something else.

[Dimitrova] You were suspicious of the rapprochement with Asen Michkovski, Valentin Karabashev, Mariyana Todorova....

[Ludzhnev] Not only with them. I am an old friend of the entire team that worked on the SDS program and that in 1990 drafted the initial analyses for a conversion to a market economy. That included Boyan Slavenkov, Ognyan Pishev, Rumen Avramov, Diana Pisheva, Ventsislav Antonov, Renata Indzhova, Ivan Pushkarov, and others—that is, the technocratic team of the SDS, which deals not only with the economic programs of the SDS but also with the program of the IMF and the World Bank. This entire team is now opposing the existing policy or, more accurately, the behavior of the financial administration. It is obvious to us that this is not a conversion to a market economy and that we are retreating from the fundamental principles we set in the SDS program.

[Dimitrova] Is this the alternate circle known as the "Center for a New Policy"?

[Ludzhev] I must categorically state that any insinuation that this might be Ludzhev's party is malicious. This was an old idea of mine, to create a think tank, something our democratic structure lacks. It is a center for people who think first and then roll up their sleeves and make projections, draft programs and plans for the solution of political, economic, legislative, and other problems, which would speed up the progress of the Bulgarian conversion to democracy and a market economy. They look for clear and pragmatic options consistent with our national features. This is part of the bylaws of our nonprofit society, known as the "Center for a New Policy." Throughout the world, there are institutions and foundations such as those named for Margaret Thatcher, Friedrich Naumann, and Paul Worik [as transliterated], and the Republican Institute.

[Dimitrova] On what variety of international policy does the center rely?

[Ludzhev] We have established contacts with foundations in France, Israel, Germany, the United States, and Hungary, and we shall expand the circle.

[Dimitrova] Filip Dimitrov and Stefan Savov have been visited by members of the Bundestag, the French Parliament, and various German foundations and parties. Does it sometimes seem to you that the heads of the executive and legislative branches are currently relying more on the ostentatious side of politics and on protocol rather than on discharging their direct obligations?

[Ludzhev] That is the second thing I wanted to talk about: Why are they acting as they are? You see, it is simply a question of capacity. We had a major argument with Dertliev. Dertliev classified the SDS people into politicians and experts. By politicians he meant people telling some kind of ideological tales. According to him, the experts understood what it was all about but did not speak to the ideologues. Now we have reached the point of a similar paradox: There are those who know and keep silent, while the others speak and manage. The answer to your question is very simple: Either the government will consist of a team of like-minded people, sharing the same philosophy and having adequate knowledge and acting in a strong and radical way and promoting decommunization, or it will consist of some kind of conglomerate of people of different calibers, who are well-intentioned but are following unknown paths, until people realize they have been pursuing their own objectives.

[Dimitrova] Did the conflict with the trade unions render the government powerless?

[Ludzhev] The trade unions are one of the basic problems of the government. The attitude toward them reflects the two approaches to governing the country. On the one hand, Mr. Kostov, F. Dimitrov, and his advisers would like to bring the protesters to their knees and are quietly dreaming of the time when they will obey all of their orders without a murmur, and when there will be no criticism. In other words, they want an administration from above. That is why I say that there is a strong

likelihood that the present structure, which is still unstable, may be replaced by an authoritarian management. This would not be difficult as long as there are no parties or real political forces to defend the interests of the people from the state institutions. For the time being, the trade unions are essentially such forces. They exist in all countries and have always existed. They have defended the real interests, and, in general, they have been in opposition to the government. The fact that such relations should be regulated and that a dialogue should be sought is a different matter. Unfortunately, so far no mechanism other than the tripartite one has been invented. The "Garibaldi" attacks and the shouting and hysteria were merely symptoms of an absolutely immature and irresponsible way of thinking.

[Dimitrova] What do you see concerning your own political future? According to some, you are washed up, while others, such as the president, consider you as a future prime minister. Still others hope you will resume your position as minister of defense.

[Ludzhev] None of the above. The likelihood that something will occur is not greater than 10 percent. I am not optimistic as far as my own person is concerned. As many people have said, I lack the suitable qualities to become a Balkan-type politician. I do not favor dirty games. I feel good when I can work with professionals rather than boast of being a leader of a lobby. I am being criticized for being excessively open. However, I think the time will come to engage in civilized political games. What is more important now is to tell the truth. The dominant mood among the people, according to many observers, is one of being tired of the reform, of withdrawal, and of a mistrust of ideologies.

[Dimitrova] What do European-type politicians do in summer? Do they prepare some scenario for September?

[Ludzhev] To the best of my knowledge, they rest for a couple of months with their families. They cleanse themselves.

Controversy Over Chief Mufti Continues

View of Acting Head

92BA1301A Sofia PRAVA I SVOBODI in Bulgarian
19 Jun 92 p 3

[Interview with Hadji Akhmed Yakub Efendi, interim chief mufti of the Muslim clergy in Bulgaria, by Anna Zografova; place and date not given: "What Became of the Mandatory Changes?"]

[Text] On 11 June, the Constitutional Court passed a ruling rescinding Article 12 of the Law on Religions. Lawyers are also commenting on the future of Resolutions 14 and 19 of the Directorate of Religions. On 15 June, supporters and sympathizers of Gendzhev wrecked the building of the office of the chief mufti in Sofia, on Bratya Miladinovi Street, and Dr. Nedim Gendzhev personally informed the Council of Ministers of that action.

[Zografova] Your Holiness, what is your comment on the trend toward changes in the management of religious faiths in our country?

[Yakub Efendi] Everyone knows that our country chose the right way in the transition to democracy. Inasmuch as democratic changes are taking place in all areas of life, religion could not be set aside. The religious faiths were those that suffered the most during the 45 years of totalitarian regime. In Bulgaria, they were subjected to major restrictions, unofficial prohibitions, efforts to convert everyone to atheism, and so on. We simply reached an impasse in terms of the moral and ethical upbringing of people and generations. As to the changes, in Bulgaria they began first with our own religion. The illegitimate nature of the Higher Spiritual Council, headed by Chief Mufti Dr. Nedim Gendzhev, was noted. The Directorate of Religions, as an authority responsible for and guiding all religions in our country, was simply obliged to investigate before it could reach this conclusion and pass a ruling that, on 10 January 1992, argued in a three-page resolution that Dr. Nedim Gendzhev should be removed from his position as chief mufti of Muslims in Bulgaria. Currently, I am the head of the Interim Spiritual Council of Muslims in Bulgaria, along with Mr. Mustafa Shakir (from Kurdzhali) and Mr. Mustafa Alish Hadji from southwestern Bulgaria. Because the position of chief mufti is an elective one, before a specific election can be held we have a number of things to do.

To begin with, we must draft a statute consistent with the religious laws, which must be made public and discussed by all Muslims in Bulgaria and adopted at a national conference.

[Zografova] There is a very apt Bulgarian saying that goes "While the people want him out of the village, he is asking where the priest lives." What is your comment on the effort by Dr. Gendzhev to regain the position of chief mufti?

[Yakub Efendi] The saying is indeed very pertinent. At present, the Directorate of Religions has information to the effect that more than 300,000 signatures have been collected from Muslims in Bulgaria who do not want a red mufti and demand an end to speculations on his part and claims that he is still the head of the Muslim clergy in the country.

[Zografova] What is your view on the reform the new synod, inspired by priests from the Union of Priests and by Bishop Khristofor Subev, initiated in the Bulgarian Orthodox Church? Please give us your view on the effort to cleanse the Bulgarian Orthodox Church of the old loyal priests who supported the totalitarian regime.

[Yakub Efendi] The reform is absolutely necessary, and that is clear to even the most ignorant Bulgarian citizens: One major system has departed, but vestiges of it remain, hoping that things will go on as they were. That is simply ridiculous!

According to my observations, the same processes that were initiated in the Muslim faith a few months ago are currently taking place in the Bulgarian Orthodox Church. They are similar processes. The two former spiritual leaders are unwilling to withdraw. I do not know what they are hoping for. Change is absolutely mandatory. I am an optimist, and I believe there will be reforms. Naturally, we support the reforms that are taking place.

Gendzhev Attacked

92BA1301B Sofia PRAVA I SVOBODI in Bulgarian
19 Jun 92 pp 1, 3

[Article by Anna Petrova: "Nedim Gendzhev Is Not Chief Mufti but an Occupation Force; Interpretation of the Resolution of the Constitutional Court on Case No. 11/1992"]

[Text] A complaint was filed with the Prosecutor General's Office of the Republic of Bulgaria on 16 June 1992, file No. 13287, against the activities of Dr. Nedim Gendzhev and his supporters, by the Interim Spiritual Council of the Muslim religious faith in the country. The reason was the incident involving the occupation of the building of the office of the chief mufti in Sofia, which is currently being protected by personnel of the Third Municipal Administration of the MVR [Ministry of Internal Affairs].

With a ruling dated 4 June 1992, the Constitutional Court considered inadmissible the demand filed by a group of deputies and the president of the Republic on ruling on the anticonstitutionality of the Law on Religions. These circumstances, however, were not accurately interpreted by some Sofia newspapers. The request of the president of the Republic specifically indicated contradictions in the Law on Religions as it is now and the stipulations of the newly passed Constitution. This applied to Articles 10, 12, 18, 20, 21, 22, and 23 of the Law on Religions. The court's ruling was unequivocal: Any state interference in the organizational life of religious communities and their social manifestations is inadmissible other than in the cases stipulated in Article 13, Paragraph 4 and Article 37, Paragraph 2 of the Constitution.

DPS [Movement for Rights and Freedoms] Deputy Emil Buchkov made the following comment, as a legal expert, on the legality of the steps taken by Nedim Gendzhev and his supporters: "The activities of the former chief mufti are indeed illegal because the presence of the interim mufti and the leadership of the Muslim religious community is the basis of the court's ruling. The Supreme Court rejected the petition filed by Mr. Gendzhev. He cannot prove that it is precisely he who represents that religious community. Because it is a controversial matter, the controversy can be decided by the court. The court, however, has already issued its ruling. I believe that the occupation of the building of the office of the chief mufti is an illegal act. Under these

circumstances, he has absolutely no grounds to act as he has. I expect that the Prosecutor's Office will not fail to exercise its rights to restore the situation that existed before he undertook his activities, which, in my view, are arbitrary."

Comment by Metodi Spasov, director of the Directorate of Religions of the Council of Ministers, on the 11 June 1992 Constitutional Court ruling and on the effort to prove Dr. Gendzhev's legitimacy: "The Constitutional Court had to deal with the question of whether some parts of the Law on Religions, which has been in effect since 1949 and was drawn up under the communist regime, do not violate the Constitution. The Constitutional Court indeed ruled that such texts did exist. I am familiar with them. The Constitutional Court did not consider anticonstitutional the texts on the basis of which Nedim Gendzhev and Patriarch Maksim had been elected, in violation of the procedures stipulated in the rulings, and that this was not consistent with canon law. They were appointed by the communists to serve the aspirations of the communists and with the aim of destroying faith and church. Nedim Gendzhev, having been a militia officer, was also a member of State Security. This occurred in 1984, at the beginning of the "revival process." Nedim Gendzhev was a paid supernumerary, which can be proved by an official document issued in Ruse. When the "revival process" ended, he was appointed a clergyman and became mufti. It is even more striking that two years later he was "elected" chief mufti.

With its arbitrary behavior, the totalitarian system did not even try to handle his election in accordance with the bylaws. Considering this scorn of religious faiths, we proclaimed that Nedyu Gendzhev was not elected and that his "election" was invalid. Legally, he cannot hold the position of chief mufti. Gendzhev appealed our decision to the Supreme Court, but his petition was rejected because Gendzhev was not registered and because the absence of registration is sufficient proof of the invalidity of the election as declared by the Directorate of Religions.

Domestic, Foreign Interests in Military Industry 92BA1315A Sofia CHASA in Bulgarian 4 Aug 92 p 10

[Article by Zoya Dimitrova: "Many Lighters Click Around the Wick of 'Arsenal'"]

[Text] *Buy me a cannon, Mama. American, Israeli, Russian, and Turkish interests are kicking around the halls of the Kazanluk military plants.*

The Government

In May, Dimitur Ludzhev described the policy of Filip Dimitrov toward the military-industrial potential of Bulgaria as "betrayal of the national interests."

Ludzhev had in mind not only the well-known statement of Filip Dimitrov in the United States that Bulgaria will

limit its markets and will not sell weapons to countries of the Middle East, but also a number of failed deals with closer partners. He paid for this position with his post as minister of defense.

The prime minister called Ludzhev's position a "functional discrepancy."

After the removal of Dimitur Ludzhev, the functional discrepancies in the government with respect to the question of the military-industrial complex are not fading away. This time the attack is against Minister Rumen Bikov and some circles beyond the government.

A source from the Cabinet bitterly shared the fact that the new board of directors in Arsenal was named on 20 July by order of Minister Rumen Bikov without the knowledge of the prime minister or his deputy Ilko Eskenazi. The economic advisers of Prime Minister Filip Dimitrov also did not know about this change. The above-mentioned source confirmed that it was not a matter of incorrect action but rather about the proper tone. To the question of what this rudeness is due to, he answers with a characteristic smile—"to Radoslav Nenov."

Minister Bikov sent a request for forgiveness of 300 million leva from the debts of Arsenal on 23 July. The prime minister failed to answer the request. A day later, pressure for the debts came from the parliament—38 deputies raised the old demand in the period up to 30 July to obligate the Council of Ministers to transform the debts of the government companies in the military industry, amounting to 2 billion leva, into national debt.

A similar proposal was rejected by the parliament in April on the basis of budget explanations of Ivan Kostov, contrary to the position of the Economic Commission and the National Security Commission.

In the meantime, the previous secretary of the Government Commission for Regulating and Monitoring the Mode of Production and Trade in Military and Special Products, Filip Filipov, who signed licenses for weapons deals, disappeared from the scene.

In his stead, the prime minister placed the physician Dr. Bozduganov. Experts in the weapons business are categorical that Bozduganov, in addition to his obvious incompetence, may easily be manipulated by a professional. Still, they say he is a very close friend of one or two government councillors having foreign passports—for example, Konstantin Mishev.

The other one, Aleks Aleksiev, who arrived at the beginning of May 1990 with a \$300,000 gift for the SDS [Union of Democratic Forces] from the U.S. Government (a widely discussed fact in the LOS ANGELES TIMES), surprisingly revealed his plans to return to the United States in a 21 July interview with 168 CHASA.

On the other hand, as early as 20 May, in NEDELYA 150, Dr. Trenchev had declared that "one group of people, including a government adviser, is trying to seize

the military-industrial complex. However, this will not happen, and Podkrepa will struggle stubbornly against such forms of privatization."

The Banks

According to an analysis of the financial state of Arsenal of 22 April 1992, if the deficit interest is excluded—that is, if just the results of production activity are considered—then, for 1991, the company realized a profit of 263.4 million leva. In this situation the profitability as compared with the cost price is 35.17 percent, which cannot be considered to be insufficient and is equal to the profitability reached in 1990.

In December 1991, the trade unions elected the new leadership of Arsenal, headed by Aleksey Zhelev, executive director of the company. One of the basic tasks that faces him is going into the foreign markets independently, a naive mission from the point of view of world practice. The leadership is without any administrative experience, and 13,000 workers expect miracles from it.

"The basic thing we did was to go to the banks," said Veselin Seldarov, deputy executive director at that time, "begging, groveling. The debts were overwhelming."

By 31 December 1991, the company had acquired a debt to the banks in the amount of 498.5 million leva. Of it, 248.7 million leva were for capital investments and 249.8 million leva for circulating assets. Arsenal owes the most money to the Economic Bank, the Mineral Bank, and the Commercial Bank of Kazanluk. Each of these banks at any moment may declare the company to be insolvent and undertake to sell off its property.

On 9 March 1992, the Economic Bank notified Arsenal and five other companies from the military-industrial complex that it is blocking their funds in national and foreign currency in all Bulgarian banks and undertaking redemption of the credits for them.

Veselin Seldarov said that the "Commercial Bank of Kazanluk was taking everything that entered our accounts."

"The banks decided to drive Arsenal to its knees," said Dimitur Dimitrov, former commercial director. "No bank was found to guarantee our credits. We entered negotiations with the Foreign Trade Bank for guaranteeing the credits in exchange for products in storage worth \$4 million. However, the negotiations were cut short because of our release."

They send a fax to the minister of finance for him to give temporary financial assistance. They receive a refusal.

"We do not give credits to insolvent organizations," confirmed Iliya Pavlov, president of the Administrative Council of the Credit Bank. "Aleksey Zhelev had turned us into a beggar, who went from door to door to ask for credits in order to be able to pay wages. This is not communism, is it? Here you have to protect your money, be doubly guaranteed, and then give credits."

Today the debt of Arsenal to the banks is 529 million leva.

The Foreign Interests

"It was not the government that drove Arsenal to its knees but the lack of knowledge of how to operate and sell within the framework of the international contracts," asserted the former general director of the Kazanluk plants, Ivan Ivanov, now president of the Austrian branch of the German company AVG.

"Colonel Denchev reported the pleasant fact that Israelis, Americans, and Englishmen, after the meeting of the military attaches 10 days ago, returned, asked again, and again took photographs, and their interest already is not concealed," he writes in BULGARSKA ARMIYA on 1 April 1992, on the occasion of the visit of the president of the Republic to one of the departments, in material on the front page, under the heading "The President of the Republic for 55 Minutes Heard Nothing About the Conversion in the Military Industry."

"Arsenal is a dead factory because it has been managed ignorantly," Ivan Ivanov said. "A credit bank may be interested in it if the factories openly lay their problems on the table for professionals such as Matrix, Rover, Kintex, and Arminex—what they will produce, how it will be produced, they offer the contracts, and then we will judge if we can commit our money to the trade abilities of these organizations, with the possibilities for introducing new technologies. Instead of using companies such as Matrix, some are trying to villify it. And what will they gain? They will have one more villified company, it will not worry about the problems of Arsenal, and this factory simply will die."

In June, several days after the visit of Assistant Secretary of State Eagleburger to Sofia, the delegation of Matrix International, accompanied by Mladen Mutafchiyski, general director of Teraton, and Radoslav Nenov, the confederal secretary of Podkrepa, visited Arsenal.

"With the permission of Mr. Bikov and Mr. Staliyski, we visited a number of Arsenal plants," said Mutafchiyski. "Matrix is not interested in privatization at the present stage, but in seeing if there are possibilities for introducing serious conversion products, which they will have Arsenal produce, while Matrix deals with the markets."

Mladen Mutafchiyski does not know that two of the directors were fired after the meeting of the delegation for an attempt to deliver a state secret to the Americans. These two, Petur Demirov and Chan'o Stoyanov, are in the new Council of Directors.

"I told him that we are considering conversion in another way, which disenchanted them," asserted Veselin Seldarov, with reference to the visit of Matrix. "I said that we are ready to produce Kalashnikovs of NATO caliber, with NATO ammunition. The same

relates to the Makarov pistol. But they understand conversion to mean the complete liquidation of weapons production."

"In Israel They Respect Bulgarian Industry." This headline appeared in TRUD on 21 March after the visit of the prime minister to Israel. In the summer, the prime minister evaluated as "significant" "possibilities for collaboration with Israel." A declaration for "the exceptionally high regard of the Israeli side for the Bulgarian military industry" was made and, "if there are any problems for expanding the collaboration, they are based on the lack of organization on our part."

Does this mean that the government prefers to collaborate in the military industry with Israel rather than with the United States?

Another group that would have interests in Arsenal rose from the ashes: The complete senior management of the Kazanluk establishment, fired in December 1991, now works for the Austrian branch of the German company AVG. This group of highly paid workers leaves the impression that it is staying and waiting, but not with their arms folded. Their boss both in Arsenal and here, Ivan Ivanov, asserted that they have at their disposal a program for curing Arsenal, and that they are ready to propose it to whomever has money to buy it—that is, very probably the government. "We could give several economic versions for solving the problems of Arsenal, which now is crawling on its belly and heading for bankruptcy," asserted Ivan Ivanov, whose return is already desired by the trade unions, which drove him out in December.

"Arsenal will not need conversion connected with a change in technological equipment. It has need of product conversion.... The problem of our economy is not the lack of production but the lack of markets.... Arsenal has improbable chances," asserts the president of the AVG. "The company has a quality that many still do not appreciate. It produces even in the area of special production through so-called flexible technologies—that is, for machines with digital program management. If today you make an automatic unit, tomorrow you can make another product that has nothing in common with the automatic unit. Arsenal has very little specialized equipment. If we as the former leadership have some service, it is the elimination of the specialized Russian technologies in producing special products and the introduction of flexible technologies. Read what the Americans are thinking of doing in the future in connection

with the reduction of military orders, and you will see that they are talking about flexible industries. But Arsenal has done that 70 percent."

The Russian interests, as well as those of the Turks, are also not without significance.

The Moratorium

There is an idea going around that the government is actively discussing a government decision concerning a moratorium on the privatization of the military-industrial complex.

There is no such decision, and the suggestions that it is being discussed are not corroborated.

On 28 July, in a television interview, President Zhelyu Zhelev expressed the following position: "The military-industrial complex...does not have to be privatized now. This is my categorical opinion because this is the only way for the different appetites and the different interests that are directed toward it to intersect. A moratorium will be imposed for at least three years, time in which we can better understand precisely how to proceed with the military-industrial complex."

The minister of industry, Rumen Bikov, warned several days ago that "no one should dream about privatization in the military-industrial complex."

"Good intentions may be behind the moratorium, and it will be in the interest of the state and of the collectives, but, from an economic point of view, it probably will have a negative effect—professionals in the industry consider that the moratorium will not solve the problems of this factory. It will only postpone them, and, after five years, Arsenal will not be of interest to anyone."

"The workers from Arsenal themselves want this moratorium," asserted Presidential Adviser Zlatko Stoyanov. "And, after this, we can provide opportunities for joint ventures with predominant Bulgarian participation, for involving foreign investments."

The politicians are postponing coming out with a clear position about the government defense strategy. The question arises: What will happen after these three or five years? Will privatization still be carried out? Will it be chosen or not? While the politicians are thinking about what to do and simply postponing the problem, in Arsenal the crisis continues, the technologies are aging because there are no funds for innovation, one leadership after another is replaced, and the markets are closing.

Czech Foreign Minister Interviewed About Changes

AU0809174692 Warsaw RZECZPOSPOLITA in Polish
2 Sep 92 pp 1, 7

[Interview with Czech Foreign Minister Josef Zieleniec by Barbara Sierszula; place and date not given: "After the Divorce, a Return to the Roots"]

[Text] [Sierszula] Minister, in January your ministry will change from a ministry of international relations into a ministry of foreign affairs. What will the difference be?

[Zieleniec] It looks as if the deadlines agreed in Brno between representatives of the Civic Democratic Party and the Movement "For a Free Slovakia" are realistic, and that two independent states, the Czech Republic and the Slovak Republic, will exist as of 1 January. For me it means that on New Year's Eve I will have to convert my ministry into a foreign ministry, with all its characteristics, representation, offices, and embassies. It will have to represent and protect the Czech Republic's interests instead of the federal foreign ministry. The change cannot be achieved overnight, therefore preparations have already begun. Our Slovak partners are in a similar situation. We have to divide up our assets and embassies with them. The division of the CSFR is occurring according to bilateral agreement, therefore I have confidence that it will proceed smoothly.

[Sierszula] Will there be fewer Czech embassies?

[Zieleniec] Yes, because the existing embassy network was established at a time when the CSFR, just like Poland, was a part of the imperial Soviet system and defended Soviet interests. As a result, there are embassies in the oddest corners of the world. Now we will have to make cuts and establish a network of embassies that conforms to our interests.

[Sierszula] A process of defining Czech identity and Czech national interests has been observable in the Czech lands since the elections. What does that mean for foreign policy?

[Zieleniec] It is a serious problem. For 74 years we Czechs have been living in a Czechoslovak state and have identified with it. With the Slovaks it was different, and that is the origin of the present divorce. An awareness of statehood and national interests is not as strong in the Czech lands as it is in Slovakia or Poland, even though the Czech lands have a 1,000-year history and are rooted in Western civilization. The division of the CSFR is causing a geopolitical change. The Czech Republic will be smaller than the CSFR. Three-quarters of it will be surrounded by a German language area. It will be a country seeking a place for itself in Western Europe. That presents an enormous task for our foreign policy. A return to our roots means that we will become an integral part of Europe, which is what we once were, and not just a member of the EC. However, deep inside we must be

convinced about the affiliation. At the same time, Europe must feel that we are a part of it.

[Sierszula] What, politically speaking, will that involve?

[Zieleniec] The purpose of our foreign policy will be to integrate the Czech state into Europe as quickly as possible. The problem of acceptance by the West is very important because it will help realign our relations with Germany. We have the historic chance to make Czech-German relations a Europe-wide issue, something that is part of integrating Europe, and not just a domestic Czech affair. That is very important for a small country on the edge of great Germany. We would like to achieve what the Netherlands, Belgium, or Holland have already achieved, in other words something much more than economic integration.

[Sierszula] Several months ago you wanted a loosening of contacts within the "Visegrad Triangle," but now you talk more often about the need to coordinate them. Why the change?

[Zieleniec] I would like to make the Czech Government's position clear on that point. We have never opposed cooperation. The only problem was what kind of cooperation it was supposed to be. We are in favor of concrete forms of cooperation, but oppose turning the "Visegrad Triangle" into an alternative EC. By concrete forms of cooperation I mean a free trade zone and other plans. It is worth trying to implement them. We discussed that with Hungarian Prime Minister Antall during Prime Minister Klaus' recent visit to Budapest, and it turned out to be possible to find a kind of cooperation that would not compete with the EC so much. I am sure Poland will appreciate our reasoning here. I am sure our cooperation will flourish. The fact that the Czech minister of international relations is of Polish descent shows that Czech society does not hate Poland, despite opinions to the contrary. Please also bear in mind that my second official visit will be to Warsaw.

[Sierszula] The Czech Republic will have five neighbors. How will it treat them?

[Zieleniec] Good relations with one's neighbors constitute 75 percent of a small country's foreign policy. We will have no priorities vis-a-vis our neighbors, though we are joined to Slovakia by a piece of shared history, and naturally our links with Slovakia will be the strongest.

[Sierszula] It is nice of you to admit to being of Polish descent. We know you are one of those who promote Polish culture in the CSFR. Do you maintain any contacts with Poland?

[Zieleniec] Of course I do. I have relatives there, and pay visits. My Polish descent means a lot to me.

Political Aspects of Common Czech-Slovak State

Coexistence Interpreted

92CH0835A Prague PRITOMNOST in Czech No 5,
1992 p 13

[Article by Jan Rychlik: "About One Historic Misunderstanding"]

[Text] Vladimir Meciar's postelection proposal to change Czechoslovakia into only a Czech-Slovak economic and military union surprised both the Czech and the world public. But in reality, in this respect the world, but most of all the citizen of the Czech Republic, became victim of its own illusions, and above all a lack of knowledge of Slovak history. Under the concept "common state" a Czech citizen as a rule sees Czechoslovakia in the form in which it was created in 1918, and under the concept "federation," the kind of structure that we know in the United States, Germany, Austria, or Switzerland. But whether we like it or not, a considerable part of the Slovak population—at a minimum that "one-third" that voted for Vladimir Meciar and his Movement for Democratic Slovakia—understands something entirely different from those concepts. A Czech citizen consoles himself with the fact that according to statistics, only 13 percent of the Slovak population is in favor of an independent state. But the catch is that more than one-third of the Slovak Republic's population basically understands under the concept "common state" exactly the kind of setup as the one Vladimir Meciar proposes, that is, a kind of loose Czech-Slovak union. The key to understanding the problem lies in the history of Czechoslovakia after 1928, and therefore it would be useful to remind ourselves of some facts....

Except for a relatively narrow section of Slovak followers of T.G. Masaryk, represented primarily by the so-called Hlasists and a considerable part of Slovak Protestants, at the time of Czechoslovakia's creation the Slovak political representation understood its relationship with the Czech lands as roughly a union of more or less independent states. It was in that sense that the Slovak autonomists have interpreted the well-known agreement between the Czechs and Slovaks in America, signed in Pittsburgh in the United States in the spring of 1918. The demand for autonomy, which was made the goal by Hlinka's Slovak People's Party (HSLs), and which was fulfilled only in the fall of 1938, in reality meant the creation of two (or rather, with Ruthenia, three) states, only very loosely bound together. If in the "Christmas agreement" of 1943 and the proclamation of the revolutionary activists a year later there was talk about renewing the common state on the principle "equal with equal," it did not mean at all a return to the pre-Munich republic, as the Czechs and Benes's emigre group in London erroneously interpreted it, but again it meant some kind of loose Czech-Slovak union of states. It should be also pointed out that until 1946, Slovakia's relationship with the central government was indeed

quite loose. If the program of the reformist Communists in 1969 was a federation, then it again needs to be kept in mind that it was not a federation in the real sense of the word. It is clear from the materials of the commission in charge of planning the federal setup that the Slovak Communist Party (explicitly Gustav Husak) at that time really understood the whole matter in the sense that it will be an economic and defense union of two national states, which will have a common foreign policy. That rhetoric even became part of the text of the constitutional law No. 143/168, Czechoslovak Law Gazette, and it remains there to this day. (It was, in fact, pointed out on television a few days before the election by Karel Kuhn, who said that, according to the constitution from 1968, Czechoslovakia takes on, for example, in regard to the provision on the suspension of majority rule to protect the less numerous Slovaks, a character far closer to a confederation than a federation.)

From the Czech point of view, we usually consider the First Republic and its personality T.G. Masaryk as one of the supreme moments of our history. But we realize that in contrast to our view, in Slovakia the First Republic is much less popular, and the same is true of T.G. Masaryk, so that that tradition can hardly become the foundation of Czech-Slovak coexistence. Any attempts in this direction are necessarily understood from the Slovak point of view to be "remainders of Czechoslovakism" and have no hope of success.

No, the idea of a Czech-Slovak union is not new, and Vladimir Meciar is not its author in any case. Precisely the opposite: In different variations the idea has been surfacing from the very beginning of Czechoslovakia's existence. I cannot judge whether such a conception brings something positive for the Czech side. That would have to be subjected to a microscopic analysis. But Czech society is not ready for such a solution primarily from the psychological point of view, in which I see the main obstacle to the entire concept. But for the other alternative, that is, the creation of two entirely independent states, both the Czechs and the Slovaks are, I am afraid, even less ready.

Background, Current Framework

92CH0835B Prague PRITOMNOST in Czech No 5,
1992 pp 14-15

[Article by Dusan Trestik: "The Idea of a Czechoslovak State"]

[Text] States sustain themselves with the ideas from which they sprang—and sometimes they also perish because of them, one would say in our present situation. The first Czechoslovak Republic came into being as a national state of artificially created Czechoslovaks, while its fundamental cosmetic flaw was to be, and in fact for the most part was, justified and compensated for by a democracy based on humanistic ideals. Internationally, it hung on the thin threads of the balance of power that was supposed to guarantee the flimsy Versailles order in

Europe. It was born of those ideas and it also perished because of them, without the contemporaries even being too well aware why. It was clearly shown already by the reaction to the First Republic in 1939, not only in Slovakia, but also as its altogether ignominious funeral in the Czech lands. The postwar events only confirmed it. The failure of the First Republic was blamed on democracy, and not on the problematic principle of a national state; the collapse of the Versailles system was understood as a betrayal by the West (and it was that, of course, at the very least from the moral point of view), and therefore, the system of the National Front was set up in the name of some kind of delusory national unity, from which the greatest benefit was reaped by the communists posing as nationalists. It was all based on the expulsion of the Germans on the one hand, and the nonresolution of the Slovak issue on the other. Disillusionment with the West, confirmed by the Yalta agreements in which the West let Stalin have everything to which he lay claim, including, after all, even us, was compensated for by a tilt toward the Big Brother in the East. All that, taken together, led to that grand march into the arms of Stalinism under waving national flags—that is, to what is today our main, even if unadmitted, trauma.

Slovakia did not exhibit any great enthusiasm for all this, but it was encumbered by its collaboration with Nazism and had to submit. The abolition of democratic institutions at the same time meant the abolition of its national institutions and a hard Prague centralism, which of course was only a reflection of the Moscow centralism. Slovakia's effort to democratize the communist system, with which in 1968 the society in the Czech lands identified, necessarily had to be an effort to achieve equal rights in the state. The goal was a federation, and therefore after achieving it, the Slovaks were satisfied. Slovakia thus could become a supportive element in the crushing of the efforts for democratization in Bohemia and Moravia and during the normalization repression that followed. That practically never touched Slovakia in any way, and the subsequent curtailment of the federal principle as well as its practice made up for the actual share of the Slovaks in the government to such an extent that it was not a problem of the first order. The system of government built in this already clearly decadent phase of communism on the corrupted system of *okres* and *kraj* bosses became established in Slovakia much more successfully than in the Czech lands. It functioned by and large to everybody's satisfaction. It was helped also by the relative prosperity, which was the result of subsidies poured from the federal budget into the inefficient and for the most part nonsensical industries which were being built in Slovakia beginning in the sixties.

The collapse of that homegrown system in 1989 was a shock. Citizens suddenly found that all those thousands of linkages of corruption and semicorruption, with which they became accustomed to arrange their modest, but comfortable life, were gone. The impact was so profound because it came just at the time in Slovak

society when the basic process of modernization brought on by industrialization was reaching its climax. The Czech lands experienced that in the 1860's. In Slovakia it also began in the sixties, to be sure, but a hundred years later, like in Poland and other agrarian countries of Central and Eastern Europe. In both cases large groups of people were uprooted from their traditional rural communities and thrown into the cauldrons of industrial agglomerations (in the Czech lands) or into panel-constructed dormitories (in Slovakia). In both cases man was deprived of the solidarity of a village in which he had lived up to that time, and for the first time was left to his own devices. He found himself in the inhuman world of impersonal relations of a modern mass society. In the Czech lands it brought a dual reaction. A lonely individual, who lost his self-evident identity in a society that was modernizing at a headlong pace, found a substitute in national ideology, but at the same time he began to create his own communities, associations of all kinds, parties, movements, that which is called a civil society. In Slovakia only the first of those phenomena took place; nationalism is obviously a natural by-product of modernization everywhere, but in communism a civil society was unthinkable.

A substitute was therefore created—it was precisely that system of general nepotism, corruption and semicorruption, which to an immature, only superficially modernized society became a substitute in a kind of mirror distortion for the clear system of face-to-face relationships in which it had previously lived in the traditional rural communities. Its basic virtue was the fact that in this system people were—similarly as they were before in the old world village—in a direct relationship with the secretaries, chairmen, and a variety of other chieftains, and that the power was a concrete, human, and not an impersonal institution; it actually represented a power of the same kind as the nobility in the preindustrial times used to be. It was, of course, an even worse substitute than a national ideology, but it functioned perfectly, not only in Slovakia but in all the countries of real socialism with a similar social composition.

Fundamental for this parallel is above all this: The modernization of the Czech lands was paid for by throwing into uncertainty the lives of hundreds of thousands of people, it was paid for by their risk-taking as well as determination, and also by the truly hard poverty of many who did not succeed and whom the cauldron of industrialization spat out like so much foam. The industrialization of Slovakia, however, actually proceeded without any victims whatever, under a social safety blanket (the fact that it was paid for by the Czech lands is really beside the point). Slovakia, therefore, lacks the basic experience of a modern society, which leads to the simple recognition that progress must be paid for.

Nevertheless, the modernizing Slovak society, in contrast to the Czech, is young and unburdened by the past, and therefore potentially more dynamic. Were it to succeed in absorbing the shock caused by the collapse of

those substitute certainties to which it became accustomed, it would probably have more vitality than Czech society. But it did not succeed. It was therefore natural that the shocked Slovak citizen turned to seemingly the only certainty still left to him—national unity. The Czech democratization euphoria, however, refused to even so much as notice it, it did not want to acknowledge it, not even when it came to egg-throwing. It dismissed it as the childhood illness of democracy, as measles; the genial Slovaks will get over them and then of course will rightly feel great enthusiasm for the democratic high jinks of the Czechs. Even the ensuing endless debates about the “state setup” were taken in the Czech lands as the usual parliamentary tussles, difficult, to be sure, but in the end nevertheless promising some, even if temporary, solution. But then there arose in the Upper Province the Great Man, who talked about all kinds of things and promised all kinds of things, but most of all he personified (whether correctly or not is not important here) that, which the citizen was accustomed to, which he missed, namely, the well-run-in system of clear relationships, meaning people to people relationships with which he had lived during the past 20 years. This was not at all a question of returning to socialism, but of nostalgia for that “golden age” when he had some uncle or nephew everywhere and when it was possible to “settle” everything in a personal way; not by invoking some right or some justice, in which nobody has any faith, but a normal human protection or string-pulling.

The Slovak voter therefore elected in his majority this authoritarian-nepotistic democracy (or democratic nepotism) of the “Eastern” type. It was his self-saving reaction to the inhuman, formal democracy and the inhuman, blind market, forced onto him by an alien “federation.” A reaction to what the leader of the Slovak Christian Democratic Movement precisely described as the pernicious liberalism exported from the Czech lands into Slovakia. At this point the refusal to modernize intersected with the efforts for nationhood, because it is of course possible to protect Slovakia from all this only in an independent state. The trap shut close; perhaps already definitively.

Should we here in the Czech lands blame ourselves for it? Certainly we should have realized sooner that the call for Slovak “specifics” is not merely a negotiating tactics and that it points out serious social realities. We should have also realized that the numbers of Slovak unemployed and similar rational arguments are not the basis for resolving the problem, because the problem lies in their sociopsychological background. We should have accepted the Slovak difference as a fact and analyze it. We would have avoided many mistakes, but we would have hardly been able to change anything in the overall situation, nor should we. To again shield the reform in Slovakia with another social safety blanket would probably be almost impossible, but it would be, above all, counterproductive. A civil society in fact does not come into existence anywhere without the fundamental realization that progress and well-being require application

and risk-taking by the individual, which is precisely how he gains his freedom and extricates himself from the isolation into which he was thrown by the process of modernization. It is not possible to convince people of it, a society simply must go through this collective experience. Therefore we definitely need not have a bad conscience. After all, our grandparents paid for the economic, social, and civil headstart of the Czech lands very dearly indeed, certainly much more dearly than by the proverbial tightening of the belts. Slovakia also experienced much hardship at that time, but the tragedy was that it was hardship caused by simple backwardness, and so was historically unproductive. History is cruel.

But we made a mistake nevertheless, and it was not after 1989, it was not not in 1939, but evidently by 1918. The mistake was that problematic concept of a national state, which is now coming back to us as a boomerang from Slovakia. But we can hardly blame anybody for it, least of all Masaryk. After all, history happens the way it happens, and not the way we would like it to happen. The old monarchy disintegrated and the Czechs were left here as one of its orphans. Most of the Czech politicians had nothing ready to replace it, only Masaryk was resolved to pursue a radical, obviously the only possible solution. Let's recall here some well-known facts.... The independence of the Czech lands would have burdened the new state with a large German minority, against which the Czech nation would have had a hard time asserting itself; and so the concept was developed of joining up with the Slovaks in the Upper Province of Hungary and create a fictitious Czechoslovak nation, which would have an unquestionable majority in the new state. It was advantageous not only for the Czechs but also for the Slovaks, who otherwise had precious little hope of gaining their independence. It is also worth reminding ourselves that it was above all Hungary and not Austria that paid most dearly for the disintegration of Austria-Hungary and therefore also for the creation of Czechoslovakia. Hungary lost not only Slovakia, but also Transylvania and a considerable amount of territory in the south, so that today almost a third of the Hungarians live outside the territory of their state. This fact could be extremely significant for the future of Central Europe.

What in 1918 was for the Slovak nation, barely just developing and severely oppressed by the Hungarian policy on nations, practically the only possible salvation, became, of course, very quickly a burden. The Slovak fuse that Masaryk fitted into his state, and which was to be insurance against domestic Germans, turned out to be a detonator of a time bomb, which at first only sputtered from time to time, hidden behind the much more dangerous German problem, but which already exploded in 1939, made possible the normalization in 1968, and obviously definitely demolished Czechoslovakia in 1992. However, in the meantime, the fuse ceased to be insurance.

It happened after the end of World War II, without our noticing. A large German minority disappeared from Bohemia and Moravia, and so gradually it ceased to

make sense for the Czech nation to define itself negatively, particularly by its relationship toward the Germans. It began to define itself positively, as has been the rule in the countries in the West, where nationality melds with citizenship of the state. The Czechs became above all Czechoslovaks, citizens of Czechoslovakia first and only then Czechs, but with Slovaks the process was exactly the opposite, and it only accelerated after November 1989. Here in the Czech lands we did not take it into consideration because we did not see anything rational in it. Then we began to "put ourselves in their shoes" but with equally little success, mainly because our efforts to be understanding of the Slovaks' "vagaries" and "whims" naturally only irritated them. We were only pushed toward the heart of the matter, into the corner of the ring, by the aforementioned very big, and very offended Great Man. Only then did we realize that we are not in any corner, because we no longer need the Slovak insurance, since our vital question of the German minority was solved by the expulsions and the postwar democratization of Germany, whereas Slovakia never ceased to need the Czech insurance.

Therefore, the reality now is such that even though many reasonable arguments can be made for preserving the existing Czechoslovak state, it is difficult to find reasonable arguments why its existence is essential, that is, it would be difficult to find them if it were to be founded again. All arguments against a breakup use negative calculations of the damage and losses it would cause. But these are not positive arguments for the existence of Czechoslovakia. We would have to start all over again and from the beginning, and, of course, not by the method of "walking in their shoes" (for which I will not forgive Petr Prikoda), but by searching for where indeed our real national interests realistically and necessarily coincide. It appears that there is really not very much of that anymore, at least not on the Czech side. It is actually only the concern that the remainder Czech state would become not only an economic but also a political satellite of Germany—an ever more powerful and, looking into the future, for many not so entirely unequivocally democratic Germany. But against that can be raised a fully justified objection that in the future the only imaginable Czecho-Slovakia will never, even in its hyphenated conception, satisfy Slovakia's demands for self-determination anyway, will therefore remain unstable, and will rather make the position of the Czech lands in relation to Germany worse. It is again one of those far from indisputable arguments which could speak for the preservation of Czechoslovakia, but it could hardly be an argument for founding it, therefore something on which the idea of a Czechoslovak state could be based.

For an idea is not the same as an ideal. An idea is something of a picture or model, and that in politics must be simple and intelligible, able to be rationally judged and pondered. Because it is a political idea, it must be a model of compromise, of balance between contradictory interests. The original idea of the Czechoslovak state was first and foremost based on the idea of

democracy (which is a method of achieving balance), based on the humanistic ideals in Masaryk's formulation. But it was at the same time the idea of a national state—an interest association of Czechs and Slovaks—which alone made it possible to establish a state dominated by a fictitious, ad hoc created Czechoslovak nation.

While the idea of democracy, in spite of all it was exposed to, survived in the Czech lands—of course in a somewhat more modern conception—the idea of a Czechoslovak nation could not survive. However, in Bohemia and Moravia something like a Czechoslovak nation was created, but of course on quite a different basis. What occurred here was the melding of nationality with Czechoslovak state citizenship. If the same were to occur in Slovakia, a modern Czechoslovak nationality of the Western type could come into being, which would in no way rule out further national identification, Czech and Slovak, within the framework of a rational federation. But in Slovakia that is out of the question. There, for many, only partially touched upon reasons, a linguistic-cultural nationality of the "eastern" type was formed, created by the national rebirth of the last century. To consummate its individuality it quite logically lacks its own state, to the extent that this goal became an absolute national priority. Contributing to this in no small measure is the fact that its own state appears as the only possible protection against the modernization forced on Slovakia by the Czechs. On the other hand, Slovakia realizes that it cannot manage without it and that by itself it will hardly have the strength for it; therefore it would like to maintain its ties with the Czech lands.

The Slovak national interest, as it emerged from the last elections, can therefore be formulated something like this: Consummation of national individuality by gaining full and internationally recognized independence, which will make it above all possible to avoid modernization or its consequences, but naturally while preserving a common state, which will carry out modernization in the Czech lands and will function as protective insurance for Slovakia. Which, of course, is squaring the circle, not a political idea.

Given this situation, the idea of the Czechoslovak state would have to be renewed from the Slovak side, because it is above all Slovakia, which has a real and sensible interest in the support, which the Czech lands would give it during the necessary modernization. But that is, politically speaking, utopia, because in all probability Slovakia will in this dilemma give preference to a national state. The logic of irrationality is always stronger than the logic of rationality. It is sad, but so is the situation of all of Eastern Europe sad, which has no way other than modernization but does not have enough strength or will, and most of all willingness to pay for it; it is therefore being tossed between the traditions of its agrarian societies distorted by socialism, and the suspect, alien liberalism that is all the worse for being the essential prerequisite of modernization. A historian can see only one solution of this conflict in the foreseeable

future—namely, none. Slovakia is no exception in this respect. It is sad, but history has usually been a dispiriting rather than an encouraging spectacle.

Future Possibilities

92CH0835C Prague PRITOMNOST in Czech No 5,
1992 pp 14-15

[Article by Jan Rychlik: "Breakup of Czechoslovakia...and What Next?"]

[Text] Let's be frank. What we used to know as Czechoslovakia is most likely ending, and we must get psychologically prepared for it. Calls for preserving the common state will not help much, nor will references to Masaryk and Stefanik. In fact, in my view not much can be expected from the referendum, either.

According to valid constitutional laws, the referendum in one of the republics can be only about "seceding from the federation." Nobody will put it in those terms. A federal referendum may be about "fundamental questions of the state setup." But few people in the Czech lands know that as close as the Czech and Slovak languages are, certain terms have different meanings. So, for example, the Czech term common state translates into Slovak as unitary state, whereas under the term common state a considerable part of the Slovak population in reality understands "a union of two nations in some kind of supranational union of states." Therefore, a referendum with the bare question "Are you in favor of a common state" can hardly decide anything in Slovakia, especially since we must assume that the above mentioned question will be supplemented by some more detailed explanation of the type "in which the republics would be independent subjects of international law." It can be expected that a majority of Slovak voters will answer yes; but because a majority of them have a different conception of a common state than the Czechs do, we shall know as much after the referendum as we knew before.

After all, if the referendum will be preceded by a "declaration of sovereignty" and a Slovak constitution, the mood in both parts of the state will have already taken on a clear orientation, and a referendum will probably not change much about it. It can serve (using a suitably formulated question) more as a rationalization for the benefit of the international community.

In this connection it will not hurt to take a little excursion into history: Slovakia in fact experienced a similar referendum in 1938. At that time, Hlinka's Slovak People's Party (HSLs) first assumed all powers on 6 October and put an end to any opposition activities, and then on 18 December on the occasion of elections to the Slovak diet (with a single HSLs ballot) it asked voters this demagogically formulated question: "Are you in favor of a new, free Slovakia?" It was, of course, difficult to answer such a question—which could be interpreted any way they wanted—with a no, even if the elections had not been held with the assistance of Hlinka's Guards

and the railings of the press, which assured the public that only traitors could vote against it. It is therefore not surprising that allegedly 92 percent of voters who were asked this question answered in the positive, which the proponents of a Ludakist Slovakia cite to this day as proof of the will of the Slovak people to break away from the Czech lands.

If a common state proves to be feasible, I will be only too glad. But personally I believe that today, regardless of the results of the negotiations between ODS [Civic Democratic Party] and HZDS [Movement for Democratic Slovakia] or a possible referendum, the question is somewhat different. Realistically, we have only two possibilities: two states joined in a union and having certain common government agencies, or two completely independent states. In neither case is at issue a common state. As is well known, the idea of a union is offered by HZDS, whereas ODS points out that it would be dysfunctional and proposes a complete separation instead. It should be mentioned that from the psychological point of view, the ODS approach is understandable and reflects the Czech view of Czechoslovakia. The Czechs, it so happens, were often inclined ever since 1918 to think of the republic as a modified version of the long ago expired Czech state, as a "redress of the White Mountain." In this context they think of the secession of Slovakia simply as a kind of reduction of the territory they won from history, same as in 1945 they thought of the loss of Ruthenia. The idea of Czechoslovakia as Czecho-Slovakia, that is, the union of two states, is for the Czech public such a novel concept that it is not able (or better put: not prepared) to accept it.

But one must not be sentimental about it. From the historical point of view an extinction of a state is nothing unusual, and throughout history many multinational units that existed not for decades but for centuries disappeared. Let us then ask ourselves two questions. Is the idea of a union feasible and for the Czechs acceptable? And second, if a union is not formed, what will be our relations with Slovakia?

As far as feasibility is concerned, a union can without doubt be realized. Benelux can serve as an example, or, if the Maastricht agreements are ratified, to a certain extent even the European Community itself. But it should be noted that historically unions were always only temporary configurations, which either fell apart—as did, for example, the Swedish-Norwegian union of 1814-1906—or on the other hand led to the formation of a unified, as a rule federal state (an example could be the German union of 1815-66, or the English-Scottish union of 1603-1707, where, of course, a federal state did not emerge).

Another question is the usefulness of such a union. For the Slovak side the union would without doubt bring advantages, because on one hand it would enable it to finish the process of national emancipation by the creation of its own state, but at the same time it would help to limit the danger that would ensue from such a step in

the economic and international sphere. Even here I cannot help but take another excursion into history: The attempt of the Czech political representation to reach a constitutional settlement with Vienna in the 19th century was fueled by the same considerations.

As far as evaluating the union from the Czech side, its advantages, in the form proposed by HZDS, are problematic. In the political sphere, it would mean that Czech politics would have to continue being engaged in problems which do not concern it directly (for example, complications in relations with Hungary in connection with the status of the Hungarian minority or the construction of the Gabčíkovo Water Works), without getting a reciprocal value from Slovakia. For geopolitical reasons the fundamental problem for Czech politics always was, is, and will be relations with Germany. The so laboriously negotiated agreement with Germany will, of course, be in danger the moment Czechoslovakia disappears from the map of Europe as a subject of international law. The union will therefore make sense for the Czech side only if it will have its own international subjectivity and all obligations, as well as all rights, of Czechoslovakia will be transferred to it. In such case even the independent status of the republics as subjects of international law need not be an insurmountable barrier, provided, of course, that other countries will be willing to recognize it. There are certain precedents for this. For example, the republics of the former USSR had the formal right to enter into their own international-legal relations, they had their own ministries of foreign affairs, Ukraine and Belarus were even independent members of the UN. After the unification of Germany in 1871, Bavaria kept the right to conduct its own international activities and for a certain time even had its own ambassadors in Berlin and the Vatican. Lichtenstein is a subject of international law and a member of some international organizations—for example, the European Free Trade union—but at the same time it remains in a union with Switzerland which, where it is to the advantage of both countries, acts as the sole subject of international law. After all, even Austria-Hungary between 1867 and 1918 was a kind of union which acted as a sole subject of international law, but Hungary participated in activities in some organizations independently, and thus gained the status of a subject of international law *via facti*.

As far as the HZDS proposal to create a customs, monetary, and economic union and an army under joint command is concerned, these are matters where implementation would again depend on mutual advantages. An economic union would come under consideration only if both economies were to be guided by the same principles and were at a comparable level. A monetary union would necessarily demand the existence of a single center, which would decide on the amount of money in circulation, as is the case with Belgium and Luxembourg, which form a monetary union. Each country has its own currency but the Luxembourg and Belgian francs nevertheless circulate jointly, and therefore it is actually two

different issues of the same currency. The mutual advantages are, of course, difficult to estimate from the negotiating table because theory is grey and the tree of practice always green. A similar economic union would probably be feasible only in the future.

Under the present situation, a complete separation is much more likely than some union. The Slovak side, it so happens, did not succeed in convincing the Czech public about the usefulness of a Czech-Slovak union for the Czech lands themselves, and, the way it looks, is not even trying. It is therefore more than to the point to ask the second question, namely, what should Czech-Slovak relations be in case of a breakup and the creation of two entirely independent states....

The problem of Czech-Slovak relations must be, in my view, separated into two parts which, of course, are related. First, there are relations on the cultural and purely human level—much older than our state and stemming from the cultural and linguistic closeness; second, there are the institutionalized relations of both states. As far as the first problem is concerned, the starting situation is relatively favorable for a by and large untroubled development of Czech-Slovak relations. In contrast to the Serbian-Croat relations, for example, Czechs are not some kind of "national enemies" in the eyes of the Slovaks, and Slovaks look at the Czechs the same way. The main reason is probably the fact that the Czechs' national identity was shaped in their relations with the Germans and the Slovaks' with the Hungarians, while in relations between our two Slavic nations the feeling of closeness and being part of one family predominated. A positive factor is also the fact that in contrast to the situation in Yugoslavia or the former USSR, no problem concerning borders exists between the Czechs and Slovaks, and on neither territory is there a solid national minority from the other republic, which their "national state" would have to defend.

It is our obligation to maintain this positive starting situation. The Czech national consciousness cannot be allowed to form itself in the future in an antagonistic relationship toward the Slovak nation. In this respect, we must condemn all expressions of Czech nationalism and chauvinism of the "let them go!" kind, and also take exception to the campaign of the so-called Czech Initiative which calls for an independent Czech state, with a clearly anti-Slovak character, of course. In Bohemia and Moravia about half a million Slovaks live together with people in mixed marriages who are not demanding any minority rights and feel themselves to be Czechoslovaks. Their homeland is the entire republic, and their home is the Czech lands. As is clear from the proclamation of the Union of Democratic Slovaks in the Czech Republic, Slovaks in Bohemia and Moravia reject any kind of force that would want to break up the common state (SLOVENSKÝ DENÍK, 19 June 1992). Our attitude toward this group must be clear from the start: These are our citizens, and at the same time our cultural bridge to the entire Slovak nation, which we cannot give up if our own culture is not to be the poorer for it. The Slovaks in the

Czech Republic must be given Czech citizenship on demand, which will, whether they can speak Czech or not, give them access to all the offices and functions. And it must be the rule that without regard to citizenship, everyone has the right to live where he has already settled.

For that reason, all ideas about moving Slovaks back to Slovakia against their will must be rejected at once. The year 1939 must not be repeated (this time in the opposite direction), when the Hlinka Guards chased Czechs out of Slovakia, not even if the Slovak agencies were to treat the 60,000 Czechs in Slovakia differently. Reciprocity is a manifestation of barbarism and has no place in a civilized state based on a civic principle. This idea must be quite self-evident in the Czech consciousness. It also follows that it is our duty to accept all persons from Slovakia who may come here for whatever reason after the breakup of the state.

Preservation of normal contacts between people, which especially on the Moravian-Slovak borders are very lively, also demands that a free movement of people across the Moravian-Slovak border be maintained. Therefore no consideration can be given to introducing some "visa requirements or other travel restrictions" (in this connection it should be noted that both the German and the Slovak Government agencies respected even during the war the specific conditions in the Moravian-Slovak border area and made possible the movement of the people there within the framework of limited border contacts). In this respect the Czech intelligentsia is faced with a huge task, namely, to fight for these principles even against a possible negative position of the official circles.

As far as the mutual relations of the Czech and the Slovak states are concerned, much depends on what political forces will govern in Prague and in Bratislava. The national interests of Czechs, as well as Slovaks, in the Central European geopolitical area objectively require a Czech-Slovak cooperation. Apropos of what the Czech dailies write about the alleged "victory of the left" and "threat to democracy" in Slovakia, it should be said that although the Slovak political scene really does stand to the left of the Czech scene, HZDS cannot be considered a decidedly leftist force. It is, in fact, a conglomeration of political forces of various orientations, kind of Civic Forum, or rather, a small version of Public Against Violence, which will undoubtedly continue to splinter and develop further. I think, therefore, that for the time being there is no reason to think that the regime in Bratislava has to be decidedly undemocratic.

We must especially consider as positive the fact that HZDS as well as the separatist SNS (Slovak National Party) are distancing themselves from the Ludak regime of 1939-45, and that the Slovak state that may come into being is not to be a continuation of the Slovak Republic of 1939-45. Another positive sign is that in the elections the losers were precisely such "excavated Ludak relics" like the Slovak People's Party, Panis' Slovak National

Unity, or Movement for Liberation of Slovakia, which have been trying for more than two years to rehabilitate Tiso's state, same as Klepac's Slovak Christian Democratic Movement, whose candidate in the elections was, of all people, the emigre publicist and great admirer of Tiso, Frantisek Vnuk. An independent Slovak state, build on the Tiso tradition, would necessarily have to be anti-Czech and its relations with the Czech Republic could not be other than bad.

In spite of the fact that Czechoslovakia seems to be disappearing from the map of Europe, we should not be writing Slovakia off. It will nevertheless remain, I believe, our closest cultural, economic, and political ally.

Czech-Slovak Relations: Historical Perspective

92CH0889A Prague LIDOVE NOVINY in Czech
18 Aug 92 p 8

[Article by Swiss journalist Artur Meyer: "Offended Poverty"]

[Text] Unlike the Serbs and Croats, the Czechs and Slovaks never experienced mutual hostility in the past. By the middle of the 19th century the "Austro-Slavic affection"—between Frantisek Palacky in Prague and several Protestant intellectuals in Slovakia—had already cooled off: The Czechs were revitalized by their cultural and national renaissance, which the Austrians did not excessively restrict, while the Slovaks were denied even the reforms implemented by Emperor Joseph II, and the 1867 Austro-Hungarian agreement subjected them to Hungarian magnates and strident politicians. That was also irreversibly connected to a low educational standard and with an underdeveloped national self-awareness.

Therefore, the "wedding" in 1918 was anything but a reflection of the actual situation. The Slovak bride, a product of the Hungarian agricultural proletariat, was as poor as a church mouse and had to accept by hook or by crook the guardianship of the prosperous Czech bridegroom. The departure of the Hungarian clerks, teachers, railroad employees, and notaries from Slovakia generated a vacuum, which could be filled for some time only by the Czechs skilled in those occupations in the old Austria. That led to inequalities, although the Czech never regarded themselves as masters, and even less so as exploiters.

Nevertheless, the marriage failed to reduce the economic differences—just the opposite. The highly industrialized Czech lands increased their head start even further; the one-sided focus of the modest Slovak industry had been on Hungary's needs and in view of the disadvantageous deployment and its low productivity, it could not compete with the Western areas.

Nevertheless, it was a wedding for the sake of decorum. T. G. Masaryk raised the idea of "Czechoslovakism" to a state standard; according to that concept the Czechs and Slovaks originally used to be a single nation and should again resume that status. In 1918 he founded the

Czechoslovak Republic as a national state, which corresponded to the Versailles concept of the superpowers victorious in World War I and to Woodrow Wilson's ten point program.

If it were not for the unity of the Czechs and Slovaks who together constituted a solid two-thirds majority of the population, the young Czechoslovak Republic would have remained a multinational state just like the Hapsburg monarchy; in 1918 the Germans alone represented nearly one-fourth of the populace and thus, were more numerous than the Slovaks.

Therefore, it was entirely in agreement with realistic political considerations that the so called Pittsburgh Agreement between the Czech and Slovak politicians in exile did not specify Slovakia's autonomy as an article to be included in the constitution, which was subsequently adopted in 1920. Vladimir Meciar, the current winner of the Slovak elections, and other nationalist politicians in Bratislava now interpret that as a symptom of Czech perfidy committed at that time against the Slovaks.

Because of the German population, which declared itself German-Austrian, and because of Bela Kun's Hungarian Republic of Councils, which occupied Slovakia for some time, there was no room left for Slovakia's autonomy.

One of the tragic aspects of the Czecho-Slovak relations is that their problems started when the Czech partner began praiseworthy efforts to improve Slovakia's education.

Slovak nationalism stems from paternalistic, petty provincial clericalism of the village clergy, such as Hlinka and Tiso, who could not stomach the secular, free-thinking approach of the Czech teachers who wanted to liberate the people from anyone's, including the church's, subjugation; Czech culture, based on John Huss and on the Reformation suppressed by the Hapsburgs, was characterized by the priests as "godless."

For that purpose, expressions of envy of the diligent and enterprising served as a handy tool, which was later skillfully employed also by the communists and today again by Meciar's sympathizers, brought up in socialism. Slovak anti-Semitism also has an age-old tradition. Its victims in Tiso's state were 57,000 of the 88,000 Slovak Jews who had been strongly represented in trade and in many academic professions. Currently anti-Semitism is once being encouraged by the spreading provincial Catholicism.

Catholic paternalism turned almost effortlessly into communist paternalism. Meciarism combines both. All three have in common the fact that they present an image of the enemy instead of an image of leaders. Another thing they all share is their antidemocratic, collectivist, and authoritarian fundamental tendency.

Dyba on Czech Role in Divided Federation

AU1008060092 Prague HOSPODARSKE NOVINY
in Czech 3 Aug 92 p 9

[Interview with Karel Dyba, Czech minister for economic policy and development, by Vladimir Brabec and Dana Dvorakova; place and date not given: "Both Republics Are Interested in Ensuring That Economic Ties Are Not Broken"]

[Text] *The collapse of the federation, the dominant role of the republics, and continuity in the economic sphere are knotty problems that not just prime ministers have to deal with. In our interview with Karel Dyba, Czech minister for economic policy and development, we would like to clarify the approach taken by Czech Government representatives toward issues that, at this juncture, must be addressed.*

[HOSPODARSKE NOVINY] How much hope is there that our single economy will not disintegrate, or that a common economic area can be maintained?

[Dyba] The recent talks in Bratislava revealed the manner in which attempts will be made in the future to guarantee, on a treaty basis, a common economic area of the customs union type and the free flow of goods, money, and people across the border. It will require very strict agreements between the two entities and equally strict adherence to them.

[HOSPODARSKE NOVINY] We should, perhaps, explain that the end of the federation does not mean the end of economic ties and cooperation.

[Dyba] Yes, we should. It is essential to make sure that economic ties operate within the framework of the common area. It would be the same even if we had two currencies. However, this would require, as I already said, very strict discipline in adhering to agreements. This is similar to the situation in the EC, where independent states have to give up part of their sovereignty and must adhere to an agreement as soon as they sign it. They also have to coordinate taxation legislation, social legislation, and other legislation that formulates entrepreneurial conditions.

[HOSPODARSKE NOVINY] However, not everything has to be completely the same.

[Dyba] It does not, but the issue involves making sure that the differences are not fatal. I think that both teams of political representatives—from the Civic Democratic Party and the Movement for a Democratic Slovakia—are interested in such a solution, that both republics are interested in ensuring economic ties and relations are not broken, and that no additional costs associated with division arise from this situation.

[HOSPODARSKE NOVINY] The issue of a property-related legal settlement, for example, arises here.

[Dyba] A state's full international legal status envisages, of course, a property-related legal settlement and a solution to all the issues associated with it.

[HOSPODARSKE NOVINY] That could be quite a painful process.

[Dyba] It does not have to be dramatized in any way. It is simply the same as a divorce. Unpleasant questions will arise about property, but they can certainly be resolved if there is the will to do so and there is the realization that we have to live next to each other and enjoy good relations. The Czech side has suggested specific solutions—for instance, assuming responsibility for international obligations—if no agreement is reached with the Slovak side. We feel that, as far as foreign countries are concerned, it would be more important and less costly to accede to this solution than to keep on haggling.

[HOSPODARSKE NOVINY] The view is quite widespread among the Czech public that the agreed "each on his own" principle is unusually advantageous for the Czech lands and that this "Slovak burden" will fall from the Czech economy's shoulders. On the other hand, anxiety has been expressed that development will lead to the Czech economy becoming a mere appendage of the German economy.

[Dyba] A qualified debate is taking place in your newspaper on what "each on his own" means, and an attempt is being made to calculate how much is involved. You know, one side says it involves an annual transfer of 15-20 billion korunas [Kcs] from the Czech lands to Slovakia. The Slovak side says the sum has not been calculated properly and that it includes items that should in fact be in the Slovak budget if it were compiled correctly. This will only become an issue, which can be dealt with, if the "each on his own" principle is implemented and a just taxation system is placed in operation. A just taxation system means a system that will make it impossible for one side to say that this or that tax should be diverted to the other republic because the enterprise is situated, let us say, in the Czech lands but part of it is in Slovakia and that part pays taxes to the Czech Republic. I personally feel that with all the clearing up that will take place, there will be a specific transfer of resources from the Czech lands to Slovakia. I considered this to be normal in a stable federal state. In such a situation, stronger regions always contribute to weaker regions and, in the Czech-Slovak context, the Czech economy is, as they say abroad, the driving force. If there is no transfer to the Slovak economy in the future, more should be available, under otherwise unchanged conditions, in a net form for the Czech state budget. If division were to mean the loss of the Slovak market, then this would, naturally, have a significant influence on economic activity and the state budget's revenue. The expected result of division would not materialize, or would be far less, than if trade were to continue. The Slovak budget would have the same problem if it lost the Czech market.

[HOSPODARSKE NOVINY] What about relations with Germany?

[Dyba] The Czech lands depend on Germany regardless of whether Czechoslovakia exists or not. The Czech economy, by virtue of its geographic position, will always be linked to the large German market. I am of the opinion that it is necessary to proceed toward Germany with a certain self-confidence. We know how to do certain things, and they also need us. The issue involves a mutually advantageous partnership. In my opinion, we should not worry about becoming an appendage of the German economy. Of course, we have to strive sensibly for geographical diversification in our trade policy, but we cannot alter the flow of trade by force. I am not worried about unilateral dependence or that our economic ties would be too strong. It is correct for them to be strong, if this is advantageous to both sides.

[HOSPODARSKE NOVINY] Even the German economy is not currently independent. The world situation shows that the strength of individual economies lies, in its own way, in their being linked together.

[Dyba] Of course, all thoughts of an independent economy are illusory. If you go to Germany, you will hear people talking about its ability to compete with other countries. The German economy is dependent on exports. This applies even more to the much smaller Czech economy. We are, and will be, absolutely dependent on asserting quality on the world market, on constantly coming up with something new, and on wage discipline because these are all factors involving one's ability to compete. We cannot live from our own market alone. We have to be careful and give priority to ensuring that we do not lose our ability to compete with the strongest economy and the one closest to us, that is, the German economy. The koruna's rate of exchange and the level of inflation indicate that, at the moment, we are maintaining our ability to compete. However, we have to monitor it constantly. For example, excessive wage increases would be fatal for us. This is causing major problems for all the local enterprises in the former GDR, where excessive wage increases are not based on an increase in productivity. These increases would be substantially higher if their purchasing power was not artificially supported from Bonn.

[HOSPODARSKE NOVINY] No one would help us in this situation.

[Dyba] That goes without saying. We have to realize we are on our own, but, despite that, we stand an extraordinarily good chance of quickly reaching the European average. That is despite all the costs associated with the republic's eventual breakup. However, the process cannot be reversed no matter what we do because it is conditioned by efforts toward emancipation. It would be worse, from the point of view of the economy, if a solution were not found and the situation were to drag on in a muddled manner. We have to respect this process and take it into consideration as a complicating factor.

[HOSPODARSKE NOVINY] After a certain period, that will also cost us something internationally.

[Dyba] Yes, but less than lingering uncertainty. The governments have been concentrating on the matter for a long time to the detriment of everything else. There is also the influence of this uncertainty on the world and on how it looks at us.

[HOSPODARSKE NOVINY] We come across opinions, mainly from abroad, that in Czechoslovakia, and therefore in the Czech Republic, we have no fixed concept for attracting foreign investors, while in Poland and Hungary they have more attractive plans than ours.

[Dyba] I think foreign capital decides where it is going on the basis of a whole series of issues, and not only on the basis of whether there is a certain institution or system of artificial incentives attracting it to a country. A relatively cheap, but highly skilled, labor force that wants to earn a living provides the greatest incentive and interest for all foreign companies in our country. This is a great advantage, for example, in comparison with Spain.

[HOSPODARSKE NOVINY] Spain and Portugal have other attractions and other advantages for investors.

[Dyba] We are cheaper than those countries and just as skilled; we are often more skilled. Of course, we have advantages from our proximity to other markets, especially the German market. Our macroeconomic stability is especially important. Firms investing in our country know they can repatriate their profits whenever they want, because we have no problems with our foreign currency balance. On the basis of the results so far, we can take pride in our almost stable prices level and adequate foreign currency reserves. These are very important factors for foreign investors. It is true that when businessmen come here they often have to wait a while for a decision. Some of our decisionmaking takes too long and that puts people off. Of course, it also depends on how, for example, taxi drivers behave toward them. In other words, it matters how everyone who comes into contact with foreigners behaves.

[HOSPODARSKE NOVINY] They encounter rudeness, incorrect information, and unwillingness.

[Dyba] Yes. Such things can sometimes have a bearing on whether or not large investments are made here. Of course, it is always necessary to consider proper sources of information for Czechoslovakia's presentation abroad. For instance, such essential work could certainly be done by an office or agency for foreign investments. We need to diversify the sources of foreign capital, and it is only possible to do this by means of a good information campaign, which costs something. That is essential in distant countries where they sometimes confuse Czechoslovakia with Yugoslavia. Our method of attracting foreign investors has to be improved.

[HOSPODARSKE NOVINY] What about regional policy from the point of view of foreign investments?

[Dyba] I would imagine that, within the framework of regional policy, we would give consideration to certain additional incentives for foreign investors. However, the incentives should be the same for everyone, whether they are domestic investors or foreign investors. The principle of nondiscrimination is important. I do not believe in specific relief for foreign investors.

[HOSPODARSKE NOVINY] Nevertheless, we have noticed a certain decline in foreign investors' interest, and doubts are beginning to be expressed about whether, under the new circumstances—that is, during the federation's breakup—we will be able to maintain macroeconomic stability.

[Dyba] I do not think dividing the federation into two republics should negatively influence macroeconomic stability as long as it is carried out in a civilized manner and does not have an adverse effect on the flow of trade. Trade links should be maintained. When I read the opinions expressed by enterprise managers, I have the impression that they work on this assumption and that they are aware of the mutually advantageous trade links with Slovakia. In no way do we intend to endanger them; we intend quite the contrary.

[HOSPODARSKE NOVINY] Is it possible to maintain macroeconomic stability under any circumstances? Minister Dlouhy said in London that division will not cause tremors in the Czech economy. Do you share that view?

[Dyba] The important thing is to ensure that trade links are not severed, and then division definitely cannot influence macroeconomic stability. *Nota bene*, this is especially applicable if the budget situation in the Czech lands improves, as I think it will, as a consequence of ending the transfer of resources from the Czech lands to Slovakia. That will become apparent within the framework of the budgets and implementing the "each on his own" principle.

[HOSPODARSKE NOVINY] In connection with the "each on his own" principle, Prime Minister Meciar has cited certain positive aspects, from the Slovak point of view, from the worst-case scenario. He cited the following statement: "If we were to transfer to European prices, then we (Czechs), given an unchanged volume of mutual trade, would pay one and a half to five times more for the majority of goods than we do today."

[Dyba] Do you mean the Slovak worst-case scenario or the Czech worst-case scenario?

[HOSPODARSKE NOVINY] The scenario discussed by the Czech Government Presidium.

[Dyba] I do not know who drafted that part. I have no idea where the Slovak prime minister got those price differences from and, because I have not seen the analytical background material for such speculation, I think Mr. Meciar has been led a little astray. Prices are free—that is, the majority of prices are free—and very few products remain within the realm of controlled

prices. Prices agreed by partners between themselves are valid. I see no justification for such thinking.

[HOSPODARSKE NOVINY] Are we heading toward the kind of relationship with Slovakia where we would have to think about payment in hard currency?

[Dyba] As far as I am concerned, today the koruna is a hard currency. It is a convertible currency. It is not completely convertible for citizens, but it is almost completely convertible for business. Its exchange rate has been stable for a long time. Payment should be in hard currency—that is, as far as I am concerned, in korunas.

[HOSPODARSKE NOVINY] In their statements dealing with certain transformation issues, the governments has emphasized different factors, although, in essence, they are pursuing a similar line.

[Dyba] We want to speed up the entire process and our Slovak colleagues want amendments and certain consideration to be given to the hitherto course of transformation. This indicates a substantial difference in the two governments' approach to this issue. There are certain things that have to be corrected and amended a little, but we are not questioning transformation and we do not link its problems to slowing it down. These are individual problems caused by inconsistency, by the slowness of the transformation process, by restraints, and by certain interventions that turned out differently than we envisaged because the political or economic situation developed the way it developed. So, I see a fundamental difference between the Czech and Slovak concepts of transformation. However, let us also wait for the facts.

[HOSPODARSKE NOVINY] The issue does not only involve the dynamics of transformation, it also involves certain matter-of-fact differences, for example, the concept for social policy.

[Dyba] I think we have a very responsible social policy in the Czech lands. We do not make any promises we cannot fulfill, and we want each individual to realize he is responsible for himself and to think about his future. The state must render assistance to those who are handicapped or otherwise disabled and must be the last resort for those who, through no fault of their own, can no longer help themselves. Maybe the Slovak program is more paternalistic, but I would not like the comparison to come down to mere words and proclamations. It would be better to analyze actions.

[HOSPODARSKE NOVINY] We have to encourage recovery and, in this connection, lowering interest rates is being discussed. The banks are against lowering them. Do you think it is really necessary to change interest rates?

[Dyba] I think that, in a certain sense, recovery has already begun. There has been a perceptible rise in industrial output since roughly the end of last year. The rise in construction output is greater and, consequently,

unemployment is falling. Retail turnover has increased in real prices in the Czech Republic. On the other hand, housing construction is stagnating for various reasons. I think the interest level is slowing down its development. Recovery is always spontaneous, but it is also possible to influence it and our current banking policy is far too cautious for my liking. Banking circles should simply be more courageous and should react a little faster. I think lowering interest rates would help the economy in this phase of its recovery.

[HOSPODARSKE NOVINY] The Czech Government says in its policy statement that it will strive to create the systemic conditions necessary for the development of small and medium-sized enterprises. What will these conditions be, and how will they be created?

[Dyba] We must constantly review the legal framework, a legal framework in which there are grave shortcomings—for example, in the law on small businesses. The authorities in some places are very accommodating to businessmen, but in other places these same laws and rules are interpreted inappropriately and make business activity more difficult. The issue involves improving flexibility in the so-called factor markets. Take housing policy, for instance. If we succeeded in making it more flexible, it could improve the labor force's mobility, which will positively influence production. It will also be necessary to exert pressure on increasing competition. This can be done, for example, by lowering import surcharges. All these factors together push the economy in the right direction. There must also be a place here for rewarding those who conduct their business honestly and for punishing those who systematically take advantage of the situation, which may be abused.

Dubcek's Candidacy for Slovak Presidency Supported

92CH0886A Bratislava SLOBODNY PIATOK in Slovak
14 Aug 92 p 2

[Commentary by Igor Cibula: "Dubcek as President?"]

[Text] Prime Minister Vladimir Meciar has repeatedly rejected Alexander Dubcek's candidacy for the office of the first democratically elected president of the Slovak Republic. Nevertheless, citizens with sounder memory still recall how at the onset of this year's election campaign the chairman of the Movement for a Democratic Slovakia proposed before the television viewers that if the constitution of sovereign Slovakia is adopted, the first man of the Prague Spring should consider whether to serve as Slovakia's president. The aforementioned offer was not entirely original as the idea about Alexander Dubcek's election to the Presidency of the Slovak Republic had already been publicly presented by Vitazoslav Moric when he held the office of the chairman of the Slovak National Party.

However, now Dubcek's past as a communist official and his commitment to the idea of Czech-Slovak unity bother the representatives of the SNS [Slovak National

Council]. As concerns the past as an issue, the functionalities of the so called nationally oriented political parties and movements seem to be suffering from a rare case of amnesia. That may be the reason why some of them are so ferociously waving our national banners so that, heaven help us, no one would remind them of their former "Marxist sins" in the communist youth league. If the statements they had made not so long ago would be quoted, they would not look any better than Alexander Dubcek who even at this juncture is not one of the cheap political turncoats; he arrived at his social-democratic conviction through his bitter experience in life.

Although there is no need to emphasize Dubcek's historic accomplishments, one should be reminded that in 1968 he launched the process of the revolt against communist totalitarianism precisely because as a high communist official he openly opposed Prago-centrism and the Czechoslovakist tactics on the part of the highest CPCZ [Czechoslovak Socialist Party] representative, President Antonin Novotny. After November 1989, he patiently and without any cocky statements tried to maintain the unity and equal partnership of the Slovak Republic with the Czech Republic, for which he also fell into Vladimir Meciar's disfavor at the very time when the Prague Castle was turning against him and when the "Gal" faction in the Public Against Violence would spare no effort to hamper the process of Slovakia's national emancipation.

Alexander Dubcek enjoys considerable authority among the Socialist Internationale, which unifies the social democratic and socialist parties all over the world. He is being considered for the post of one of that organization's vice presidents, which would further widen Slovakia's opportunities for its admission to European integrational structures. No Slovak politician—nor any other public representative—enjoys such renown and prestige of the international community as to be able to represent the Slovak Republic abroad with the kind of reputation Dubcek has earned. In this conjunction, we should remind ourselves that according to the draft of Slovakia's constitution, the president's first and foremost duty is to represent Slovakia abroad.

The Slovak president's authority in domestic politics will be no less important. He must ensure the internal balance of the state, which is composed of citizens who belong to several national and ethnic groups. From that perspective, it would not be very smart for the Movement for a Democratic Slovakia to insist on its own candidate for the post of the president of the Slovak Republic. In the interest of the democratic balance of our constitutional system, it would be advantageous for the Slovak political leadership to be inspired by the examples of Austria or Italy, whose president and prime minister are members of different political parties. From that perspective Alexander Dubcek's candidacy for the presidential office would be so much more timely because the leaders of the Party of the Democratic Left and of the Christian Democratic Movement have

already endorsed him and thus, in this instance his election would be a good testimony of the democratic situation in Slovakia.

In addition to the already mentioned circumstances, some other facts speak in favor of Dubcek's candidacy by the Movement for a Democratic Slovakia. The representatives of Meciar's movement and its sympathizers include several members of the Club for Slovakia's Renewal which had some time ago nominated Alexander Dubcek as its candidate on the ballot of the Public Against Violence. Another fact to consider is that quite a few members of the Movement for a Democratic Slovakia are of the social democratic persuasion. For instance, Vladimir Meciar himself once contended for the support of the German Social Democratic Party and anticipated that it would mediate for him contacts with the Socialist Internationale in the future. If he has not given up those plans, neither should he give up his initial offer to Dubcek who after November 1989 had helped him, among other things, enter "high politics." Not the least of Dubcek's advantages for the Movement for a Democratic Slovakia is the fact that as the president of the Slovak Republic he would be able to soften the edges of radicalism in Slovak politics in order to keep our partnership with the Czech political leadership alive.

Bures Interviewed About Commerce Chamber's Future

92CH0864B Prague *EKONOM* in Czech No 30,
24-30 Jul 92 pp 16-17

[Interview with Vojtech Bures, head of the Czechoslovak Chamber of Commerce and Industry, by Irena Satavova and Jan Urban; place and date not given: "How Will the Future Chamber of Commerce Look?"]

[Text] *The above question was put to Vojtech Bures, who has been the head of the Czechoslovak Chamber of Commerce and Industry (CSOPK) since 1990, by EKONOM. In addition to that institution, which has its roots in the last century, the adoption of laws by the national councils has brought into being new republic-level chambers, which are expected to take on the existing functions of the CSOPK in the future in the individual republics. Every entrepreneur will be affected by the change as a result of the fact that membership in the chambers, which are being newly established, is mandatory as a result of the law.*

The SNR [Slovak National Council] law on the Chamber of Commerce and Industry was approved as early as 3 December 1991; a similar law on the Economic Chamber of the Czech Republic was adopted by the CNR [Czech National Council] in May of this year and, as of 1 July 1992, went into effect.¹ As of that day, the 60-day period began to run during which the Government of the Czech Republic will appoint a preparatory committee that is supposed to establish the necessary management programs for the Economic Chamber at the republic level and at regional levels and that is expected to work out the

frequently overly general provisions of the law to facilitate sublegal standards (statutes, election and operating agendas, contributory agendas, etc.). The above provisions are expected to be approved by the chamber assembly.

[EKONOM] Not quite a month ago, the CNR law on the Czech Republic Economic Chamber, which supplements the legal arrangement for the functioning of chambers in the CSFR, went into effect.

[Bures] The law on the Czech Republic Economic Chamber (Law No. 301/1992 Sb. [Collection of Laws]), which is effective as of 1 July of this year, is a part of the republic-level standardization legislation regulating the functioning of the chambers in Czechoslovakia: the Chamber of Commerce and Industry in Slovakia and the Economic Chamber in the Czech Republic. The fundamental building block is the regional structure of the chamber. In Slovakia, the Chamber of Commerce and Industry is based on the existence of regional offices as they were created for our Czechoslovak Chamber of Commerce and Industry; in the Czech lands, the law defines the chambers down to the level of okreses and, in the city of Prague even down to the level of municipal districts, giving the chambers the right to amalgamate into regions. I am convinced that even in the Czech Republic the existing 17 regional offices of the Czechoslovak Chamber of Commerce and Industry will play their role in the creation of the new Economic Chamber. The regional structure in both of the republics is topped by a republic-level chamber which is primarily charged with a coordinating function and also handles those functions which it is purposeful to assure at the republic level.

[EKONOM] Does that mean that the same territory (that is to say, both in the Czech Lands and also Slovakia) will see the side-by-side functioning of two chambers, one at the republic level and one at the federal?

[Bures] It is felt that the new Federal Assembly will adopt a federal law that will break up the existing structure of the Czechoslovak Chamber of Commerce and Industry, something that cannot be accomplished in any other manner except by federal law since the existing CSOPK was established in that way, and that the law will possibly define the image of a new umbrella organization of chambers. That should be an institution that is very small as far as the extent of its apparatus is concerned, and which would perform a certain primary service for contacts with foreign chambers at the federal or national level, contacts with international organizations of a nongovernmental character and with other international institutions, with the proviso that it would then channel these contacts to the republic-level chambers. Of course, there was also the consideration involving a certain amount of coordination of editing and publishing activities, of database systems, etc. The latest development in the area of constitutional arrangements, however, still exerted an influence upon these notions. Nevertheless, the federal law should be adopted even if only to demand

the return of original property held by the chambers dating back to the period of the first republic, a time when these were rich institutions. This will create the necessary material basis for the functioning of the chambers which are now coming into being.

[EKONOM] How will the new Economic Chamber differ from the currently functioning CSOPK?

[Bures] I would say that, in many respects, the CSOPK had "anticipated the law" and is handling those functions which, according to the CNR law, the new Economic Chamber is expected to handle. An essential difference lies in the fact that while the CSOPK is a special-interest association, the Economic Chamber is a public institution by law and will, therefore, be handling even other tasks which the CSOPK could not handle in view of its standing. This primarily involves the area of education and entrepreneur training, oversight of entrepreneurial ethics, the problem of apprentice training, postgraduate education, etc.

[EKONOM] If the principal difference does not lie in differing spheres of activities, can it be anticipated that the existing functions of the CSOPK will be taken over by the republic-level Economic Chamber and that the CSOPK will somehow gradually "dissolve" within that body?

[Bures] Legislatively and legally, until such times as the federal law is adopted, the CSOPK will be unchanged as an institution, but the services rendered by it will be gradually transferred to the Economic Chamber of the Czech Republic. Logically, even a substantial part of the employees of the CSOPK will be joining that organization because the entire complex of international collaboration, database systems, questions of certification, arbitration, sanctions, consulting activities, etc., represent a specific body of problems which must be solved by a team of specialists having a certain amount of experience—and they are in limited supply.

[EKONOM] Let us now focus on the principal activities of the Economic Chamber.

[Bures] I would divide these activities into three groups: the first is the area of information and consultation services, the so-called contacts involving foreign countries and the provision of advisory and consultative services for entrepreneurs; the second group involves actual chamber activities, that is to say, the activities of chamber employees, of guilds, of associations; the third group is represented by the education and training of entrepreneurs—specifically, this entails questions of training activities in the apprentice training system and oversight of commercial and entrepreneurial ethics. The Economic Chamber will, at the same time, see to it that its members carry out their activities professionally and in conjunction with binding legal regulations, it will establish and develop contacts with chambers abroad and with nongovernmental international organizations, it will issue certificates dealing with legal facts which are

important in international trade, it will administer facilities to support the level of education and entrepreneurial activities, it will establish conciliation commissions, it will be involved in developing professional training necessary to carrying out various professions, it will support the advertising of its members, and will clearly also engage in its own economic activities to a limited extent.

[EKONOM] Will those services be free of charge?

[Bures] I believe not across the board. Thus far, the CSOPK has rendered its services free of charge in part and in part on a commercial basis because it does not receive any state contributions and lives purely on the basis of member contributions which cover 20 percent of its budget. It must obtain the remainder on the basis of its own activities, that is to say, through the sale of publications, information, consultation services, through organizing seminars for a fee, etc. I am convinced that if membership is compulsory in the newly arising Economic Chamber, the membership contribution will represent a certain resource for financing services which the chamber will be rendering to its members.

[EKONOM] What specifically will the chamber be able to offer businessmen and entrepreneurs in the area of informatics?

[Bures] The chamber will be able to inform its members regarding entrepreneurs active in the same sector, both in Czechoslovakia and also abroad, it will be capable of finding possible Czechoslovak as well as foreign suppliers for the entrepreneur in database systems, or possibly find customers for him, and will also be capable of advertising his products in Czechoslovakia as well as abroad.

[EKONOM] For free?

[Bures] As far as the advertising of products connected with participation in expositions and trade fairs is concerned, I would not contend that these services will be free of charge, but, rather, in return for a certain contribution. Specifically, I would visualize that the chamber would bear part of the common costs, for example, costs connected with the rental of exposition space and possibly costs involved in advertising the participation of the entrepreneur, with the entrepreneur covering the remaining costs. This should make for a good incentive system, which would compel entrepreneurs to consider whether to participate in an exposition and, in the event he decides to do so, then he might do so only for the absolutely necessary length of time.

The area of informatics also includes publications activities of the chamber. Over the past two years, there has been an immense hunger for any kind of contact information dealing with commercial or possibly production contacts. This area is beginning to be saturated and entrepreneurs are demanding more comprehensive information as to how to conduct business, they are

asking for interpretations of arbitration rulings, they are asking for import financing explanations, explanations of the exchange laws, Czech writing laws, etc.

[EKONOM] What kind of services will the chamber be rendering in the area of consultation?

[Bures] Here, it will largely be a question of interpreting legal regulations, tax laws, customs problems, and fundamental commercial and business methods. Of course, not all the services should be rendered free of charge; only a sort of basic packet of information. For purposes of solving more complicated questions involving taxes, foreign laws, the establishment of corporations in foreign countries, etc., the chamber will be compelled to invite specialists from elsewhere and this service will have to be paid for by the entrepreneur. Basic consultation in the form of "first aid," however, will have to be obtained by the entrepreneur at the chamber free of charge.

[EKONOM] Does that mean that the chamber will be primarily functioning as an organ assuring the availability of consultation through other entities?

[Bures] That is a decision that will have to be made by the new chamber. My opinion is based on the experiences at the CSOPK and on foreign experiences: I believe that a certain defined circle of consultation activities will be rendered by employees of the chamber free of charge and that certain specific advisory functions will have to be contracted for by the chamber with specialized institutions. In other words, basic "first-aid" service must be rendered by the chamber; complicated advisory services must be assured by it elsewhere for a fee.

[EKONOM] You stated that the second area of activities of the chamber was the creation of a unifying platform for entrepreneurs in the guise of working organs—sections, guilds, and associations.

[Bures] Irrespective of whether we are dealing with a regional chamber or a republic-level chamber, a section for industry will most certainly be established in which specialists from industry will be engaging in the solution of jointly arising problems and will act as lobbyists at the ministries or with respect to the government, certainly there will also be a banking and finance section established to solve the problems of financing, a section for small and medium-size business, a section for trade and services, a section for the insurance industry, and certainly also a transportation section. In addition, there will be individual guilds dealing with specific problems of gas, electric energy, etc. It is precisely here that I see the principal activities of the chamber, activities which have thus far not been adequately developed, even within the existing CSOPK—namely, that entrepreneurs should, on their own and within the framework of self-administration involving the denationalized economy, establish and create organs for themselves within the chamber to solve those problems which vex them the most. The chamber will provide them with a

neutral platform for conciliation proceedings and discussions on commercial problems, on finance, industry, etc. I frequently hear that the chamber is made up of clerks. Yes, but that is only part of the truth; the clerks render a service. But the actual activities of the chambers must be assured by the entrepreneurs themselves. It is purely up to them how fully the chamber will live in terms of value.

[EKONOM] It will undoubtedly be of interest to also look at the third identified region of activities—that is to say, education in entrepreneurial ethics and oversight by the chamber on adherence to ethics.

[Bures] This function signifies the fulfillment of the independent function of the chamber, that is to say, entrepreneurs police their own entrepreneurial ranks in such a manner as to prevent unfair competition, so as to adhere to the laws governing entrepreneurial activity, and so as to adhere to the basic ethics principles involved in business activities. Businessmen are capable of introducing certain systems of control within the framework of guilds and operating organizations (that is to say, sections), on their own. The chamber will create a broad platform for this activity, mandated by law, and the extent to which businessmen make use of this facility will be a matter of significance.

[EKONOM] Does the law stipulate any kind of sanctions for failing to adhere to entrepreneurial ethics?

[Bures] The law assumes that business people will create their own system of sanctions within the framework of sublegal standards, statutes, agendas, and other provisions, which are yet to be worked out by the legal committee.

[EKONOM] The area of education also includes so-called follow-on training and special emphasis is placed on the apprentice training system. Why is that?

[Bures] In this country, we provide advanced school students and middle school students with postgraduate training, but apprentices, who have completed their training at age 18 are left to the end of their lives with this fundamental set of specialized and practical knowledge, which they acquire during these 18 years. Austrian apprentice institutions help their country immensely by continuing to provide current training for their journeymen workers through age 35; they familiarize them with new equipment, give them the opportunity to requalify and to undergo postgraduate training in related sectors. In other words, they are doing that which we will urgently need in Czechoslovakia. I am convinced that by connecting apprentice training directly with entrepreneurs in the manner in which the law defines it is purposeful and necessary.

[EKONOM] What kind of cooperation should exist between the new Economic Chamber and the other professions and other unions and associations?

[Bures] This cooperation is defined in the law in Section 4, Paragraph i, where it states that the chamber shall

collaborate with entrepreneurial unions and associations on the basis of agreements concluded in conjunction with the chamber statutes.

[EKONOM] And how do you feel that the relationship between the clerical components of the chamber and the directing committee of entrepreneurs should function?

[Bures] This relationship is very simple: The clerks will be subordinated to the management organs of the chambers, which are made up of entrepreneurs. An entrepreneur is a managing component, an unpaid official of the chamber, who should know precisely what the chamber should do for entrepreneurs, what entrepreneurs will need in the future from the chamber, etc. At the regional chamber level or at the republic-level chambers, qualified and prospering entrepreneurs will be elected to the board of directors (of course, provided they have appropriate moral profiles); the board of directors will direct the executive apparatus of the chambers, which will have to assure the activities desired by the entrepreneurs. Of course, the apparatus of the chamber will be prohibited from engaging in business activities.

[EKONOM] Let us still consider the mandatory membership in the Economic Chamber. Who has become a member as of the date the chamber was established, that is to say, as of 1 July of this year?

[Bures] On the one hand, membership is obligatory by law and, on the other hand, it is voluntary, because even nonentrepreneurial entities that apply for membership can become members of the chamber, for example, advanced schools, etc. At the time the Economic Chamber is established, all private individuals and legal entities recorded in the Commercial Register or those holding small-business authorizations, which existed at the effective date of the law, will be members of the chamber. Additional new members of the chamber will be those entrepreneurs who are granted authorization to engage in business activities on the day that permission is granted. A very important task will also be the introduction of a register for all members of the chamber.

[EKONOM] What will the membership contributions be?

[Bures] The law does not set the amount of membership contributions. The contributory regulations will be worked out by the preparatory committee and then the assembly of the chamber will have to approve it. Discussions held hitherto and experiences from Slovakia indicate, however, that entrepreneurs want a rich chamber and therefore a strong chamber.

Footnote

1. The law of the CNR regulates the functioning of the Agrarian Chamber as well, although the present interview does not deal with that body.

Roundtable Discussion on Agriculture at Crossroads

92CH0864C Prague *EKONOM* in Czech No 32,
7-13 Aug 92 pp 34-36

[Article by Jaroslav Hejkal on roundtable discussion by agricultural cooperative chairmen: "Agriculture Between the Millstones"]

[Text] *Many economists agree with the view that agricultural development can significantly influence the subsequent progress of our economic reform. This would indicate that the transformation of agricultural cooperatives to operate under conditions of a market economy is by far not their own internal affair. This is particularly true when it is known that they represent a decisive portion in our agriculture.*

In an effort to help uncover the problems currently besetting agricultural cooperatives in the Czech Republic and the solution to which is not purely within their own jurisdiction and capabilities, we arranged an "EKONOM roundtable." The following individuals participated in the discussion: Eng. Jan Fencel, chairman of the Hroznova Lhota ZD [Agricultural Cooperative], Hodonin Okres, vice president of the Bohemian-Moravian Agrarian Union, and chairman of the Bohemian-Moravian Farmers Cooperative Union; Eng. Miroslav Jirovsky, chairman of the Suchdol ZD, Kutna Hora Okres; Eng. Josef Kovar, chairman of the Suchdol nad Odrou ZD, Novy Jicin Okres; and Eng. Oldrich Vasina, chairman of the Sloupnice ZD, Usti nad Orlici Okres.

[EKONOM] What is the actual situation regarding our agriculture and the situation in which the agricultural cooperative movement finds itself? What type of problems do you consider to be the most vexing ones and where do you see their causes?

[Fencel] The situation is not good. Last year, two-thirds of the agricultural cooperatives and 90 percent of the state farms were losing money or were on the verge of losing money. The question arises as to the extent to which the farmers caused these events to happen themselves. I am convinced that a certain measure of responsibility does exist on the side of the farmers, even though the center of gravity of the current situation is a result of the government policy of national understanding which, unfortunately, did not wish to understand the problems of agriculture. In contrast to the views of some former government officials, it is said that agriculture is not a branch like any other. Its specifics are said to stem from its mission, are based on biological factors and a number of other circumstances. All of this together requires the government to deal with agriculture and the problems which accompany it appropriately. This is not any kind of irrational wish on the part of us farmers, but only a reminder of that which is customary and a matter of course in the entire civilized world.

And at that we are not looking for anything totally new or extraordinary. Simply said, the government must love

its farmers and transform this relationship with its farmers into an active agrarian policy. Unfortunately, this did not happen and that is why agriculture today is in such a situation as it is. However, we already have new governments so that we expect they will learn from past mistakes, that they will endeavor to rectify things in a sensible manner and to begin being responsible even for an agricultural policy.

[Jirovsky] The current status in agriculture is based on a single simple fact: Until 1989, the central authorities were striving to achieve a continuous increase in production so that agricultural enterprises found themselves with a certain amount of work in progress. The price adjustments in July 1990 resulted in restricting the consumption of foodstuffs so that the sale of agricultural products was not and is not secured. The majority of problems which are cropping up in agriculture today have their beginnings particularly from that moment the government dismantled state subsidies for foodstuffs. However, I am also returning to that period because, effective 1 January 1990, an essentially artificially created negative sales tax was developed which was on an order of magnitude of 20 billion korunas [Kcs] higher than it was in 1988, and on top of that, this Kcs20 billion was virtually transferred into the area of agricultural inputs; the cost of these higher expenditures was to have been compensated for precisely through certain subsidies. However, in 1990, there was a radical dismantling of agricultural subsidies. These government decisions placed agriculture into a situation in which it had to live off its substance.

Specifically, in our cooperative we were still compelled by the plan in 1989 to increase the number of cattle and to raise production so that we arrived at an inventory of 3,800 head of cattle. In 1990, when the subsidies were dismantled and problems involving sales began, we started to lose markets for the production in our cattle barns. Animals began accumulating, they grew into mammoth weight categories, production became more expensive. No one was taking care of exports, for which economic conditions had not been created nor licenses issued. Everyone was only telling us "reduce your herds." But I can only reduce them if I can sell the meat. The government did not solve the export problem until after the delay of one year, which resulted in enormous losses for the cooperatives. Thanks to the fact that we then took care of the exports ourselves, we were able to reduce the number of cattle to 2,600 head toward the end of 1991. In recent months, however, we have again been unsuccessful everywhere, so that the situation is being repeated. Now, for example, we have around 100 head in our stables weighing 7 metric quintals [1 quintal = 100 kg] each because we are unable to place them either on the domestic or the foreign market.

[Fencel] This proves that in agriculture the market is not and will not be the panacea even in the future. This is doubly true of the market mechanism in a nonmarket environment, into which our agriculture has fallen. This entire matter must be somehow regulated by the state.

Quota systems, customs protection, and other mechanisms should make a contribution in this area. The Austrians call these contingents, minimum prices, in other words, at least with respect to selected commodities, farmers should have certain state guarantees that they can place their production on the market. All of this is quite customary elsewhere; the mechanisms which the governments there apply must be introduced even in this country and we must put a stop to taking anything which happens to suit anyone out of context.

I would cite the following facts: The bulk-buying prices within the region of the meat combine at Cakovice have declined by as much as 18 percent for slaughter steers and 29 percent for hogs this year. Why? Because a surplus makes it possible for the buyers to press farmers to sell to them at completely unbearably low prices. If we were to admit the variation that we have solved the problem of the economic conduct of enterprises, this would mean that the liquidation of our agriculture would continue.

[Vasina] In our area in eastern Bohemia, the problem is the same. We missed the decisive moment some two years ago. After all, we knew how much cattle we had, how much we had to sell, what kind of milk production we had, or what kind of grain production we had. If the reduction of demand on the domestic market was expected, then it was necessary to introduce quotas. No farmer who is only even slightly a manager will, after all, not begin to conduct himself by himself in this manner and reduce his herd of cows for no reason so that he would regret this in three years. Because to return then to the original number of animals is a long-term proposition. In practice, however, in all Western states encountering a similar situation, the government used quotas to reduce production. Farmers then had to adapt to these quotas because otherwise the surplus would be their loss which they would have caused themselves.

I believe that this is precisely the way that many a problem could be solved in this country, say, with respect to milk, where the number of cows is disproportionately high. If we would reduce the number of milk cows in our cooperative, where the genetics are not bad, we could afford to feed the cattle better and we would obtain more milk from them. However, toward this end we would require some kind of injection, we would have to support ourselves on something because such a solid estimate continues to elude us.

[Kovar] In northern Moravia, there is also a surplus of cattle and milk and, currently, also with respect to hogs. This is so because farmers there proved generally able to react flexibly a year ago to the number of hogs when there was a shortage of pork and the profitability of keeping hogs looked generally good. Only at present, the bulk-buying prices for hogs have dropped by about one-fourth so that this branch of livestock production, which was still lucrative a year ago, is beginning to fight the same problems as those besetting the keeping of

cattle. I only want to stress by this that livestock production is a money-losing proposition and as long as we are not inclined toward quotas, I do not see any way out.

As of 1989, when directed management was still in effect, we in our cooperative counted on the fact that we will be maintaining an optimum number of 1,100 head of cows. Today, we have only 750 cows and we have problems involving the sale of milk. The same is true even of young cattle because there is no one to whom to sell calves. The consumers on our domestic market are not accustomed to this type of meat, let alone to the price range, so that not even slaughterhouses are interested in calves. This only goes to prove that agriculture cannot react from one day to the next to market pressures and that the state must play its important and irreplaceable role here.

[EKONOM] But that actually brings us to the next round in our debate which can be outlined by the following question: What kind of way do you see out of this, as you say, bad situation in our current agriculture?

[Fenc] One of the mechanisms which was started here in the previous period was the fund of market regulation. Let us admit that under certain circumstances it could solve the problems about which we speak. Nevertheless, this fund must begin functioning with a certain head start; it must be capable of forecasting surpluses on the market on the basis of information technology and must also initiate mechanisms designed to reduce such surpluses in sufficient time.

However, the fund of market regulation, particularly this year, is functioning with a complete lack of effectivity because it is so far behind in solving this problem that it actually does not initiate any reduction of the surplus prior to the decline in demand, but, on the other hand, creates conditions for exporters, buyers, but also for domestic purchasers to step by step reduce the price of agricultural products by having the surplus grow continuously, something which unfortunately tends to manifest itself in lowering the price of foodstuffs on the consumer market.

Let us take a look at how prices look today; let us take into account that today farmers receive 18 to 29 percent less for their products than they were receiving on 1 January 1992. And then, let us notice how much cheaper the consumer can buy foodstuffs in the stores as of 1 January 1992. It is therefore up to the new government to prove that it is able to consistently fulfill that fundamental functional principle of the fund of market regulation, otherwise this fund is meaningless for farmers.

[Jirovsky] Both our politicians and also our economists frequently claim that we are not capable of producing foodstuffs at world prices, which bothers me, and not only me, immensely. After all, countries get rid of their agricultural and foodstuffs surpluses through the vehicle of world prices and that is why they also strongly support them. They have the absolute need for disposing of surpluses so that they would not have to store them,

maintain them, they want the surpluses not to interfere with the development of additional production—in other words, it is a little like having a sale of merchandise after the season.

You know, I have not heard a single person claim that, say, our textile industry is not capable of producing a shirt at a price for which it is on sale in the bazaar. But the fact that we farmers are not capable of producing agricultural products at world prices—this is something I read in the papers all the time, even in the specialized press, despite the fact that it is sheer nonsense. World prices of agricultural products have absolutely no economic basis; they are strictly sale prices. Everyone should remember this in judging our efficiency and in comparing us with the rest of the world. Anyway, within the framework of the worldwide GATT, foodstuffs and agricultural products are the only products for which it is admitted that they cannot be traded exclusively on the basis of their value. As can be seen, this is recognized by the entire world so that we, too, must recognize this fact.

The European Community spends 100 billion Swiss francs per year on subsidies to agriculture, including 48 percent of that amount to support agricultural exports. The conclusions of the GATT, based on the most recent negotiations, speak of the need to gradually dismantle subsidies for production, particularly for the production of grain crops, milk, and beef, and that instead such subsidies should be paid to farmers across the board based on their acreages. I would like to illustrate this using the example of the price of rapeseed: In order to reduce production of this crop and make the transition to economical and ecological management, the farmer who plants rapeseed is paid 1,100 marks per hectare, but the price he receives for every 100 kg of rapeseed is then reduced to 50 percent of the rate. So that the farmer is assured of his 1,100 marks per hectare of rape and then attempts to spend as little as possible on the resulting yield. That is why he fertilizes less, he does not use so many pesticides, he looks for less costly methods of cultivation. In other words, there will certainly be a decline in the per hectare yields, the environment will be less stressed, but the economic effect for the farmer remains preserved.

That is why we should begin looking at the entire matter from a totally different angle even in our country. Our problems lie primarily in the fact that inputs and outputs are not collected by the market. In this sense, our agriculture has found itself between two millstones: The cost of inputs into agriculture have risen by 70 percent, outputs, however, have risen only by 3 percent, and retail prices for foodstuffs have increased 49 percent. How can you escape from this situation in the future if state incursions are to be eliminated? The only solution I can see is in the dismantling of monopolies, both for inputs and also for outputs. This means that there has to be a certain property interconnection involving both the supplier farmers and also their customer.

[Vasina] Unfortunately, I believe that we have wasted this opportunity of protecting the consumer, of helping farmers, and of saving the state the money spent on subsidies because this interconnection should have been made in the course of privatization, particularly in privatizing the food processing industry. We quite openly claimed our rights, we wanted our share returned as farmers and cooperative members, in other words, we wanted that which served farmers in the past and was created on the basis of the results of their work returned to us. We wanted our share, which, in many instances, consists of 30 percent of the privatized value in the fund of national property.

I shall cite a specific example—let us say the privatization of a dairy, the value of which is Kcs200 million. The approved privatization project anticipates that 70 percent of the price of the dairy will pass to a corporation made up of the management of the dairy and 30 percent will be channeled to the fund of national property for farmers and other partners. The above 70 percent represents Kcs140 million which management must borrow at a 15-percent interest rate. Naturally, these expenditures will show up as processing costs so that, in the end, they will even be reflected in the price of milk. This means that both the agricultural producer and also the citizen-consumer has to pay the price. I only wanted to use this as an illustration of the fact that even the ongoing privatization, which is conducted by the above-mentioned method, in fact does damage to farmers. This is one of the highly topical problems and the farmers in our region absolutely disagree with the applied solution.

[EKONOM] Of course, many more problems in agricultural cooperatives are beginning to show up in conjunction with the transformation law. What does the preparation for its realization look like?

[Fenc] The status is reflective of the legislation which was created for these purposes. I believe that it is counterproductive to criticize the approved laws. We simply realized that the law on land reform and the transformation law are a given fact and we believe that farmers, together with other authorized individuals, can accomplish a sensible transformation with good common sense, that is to say, a change in the relationship with owners toward their property.

We have held the first general assemblies of cooperatives and, according to the information at our disposal, they were held with satisfaction everywhere in a sense that transformation councils were elected. Preliminary investigations have yielded information which indicates that 67.9 percent of all agricultural cooperatives will continue to manage as cooperative entities, 11.9 percent will break up into several cooperatives, and 20.2 percent will form various types of corporations or will transform themselves into other combinations. It is necessary to accelerate this entire process to the maximum because prolonging it would mean prolonging the agony in which agricultural cooperative members currently find themselves. I believe that it will be possible to transform

agricultural cooperatives as rapidly as possible and to start them on their way toward conducting themselves in an economic manner.

[Vasina] If we consider how we should actually in practical terms transform our own enterprise, then we come to the realization that the legislators forgot about a lot of things which have to do not only with the actual transformation of cooperatives, but also with the transformation of cooperative shares which these cooperatives have invested in joint agricultural enterprises. To the extent to which we wish to transform these joint enterprises, we must have the opportunity to handle the property which is accumulated in them, we must facilitate the establishment of corporations, etc. Obviously, none of the legislators realized this. That is why today we face a situation in which, say, an unsuccessfully transformed founding cooperative of a joint agricultural enterprise, let us say, for the production of pork or eggs, can totally disrupt the transformation of the entire enterprise. That is why these enterprises today are already developing justified efforts to use government exemptions to at least be allowed to handle this property before the actual transformation of cooperatives takes place and prior to approval of the project by membership cooperatives, claiming that if a corporation is created, then it should be possible to block its securities intended for hitherto untransformed founding cooperatives. I believe that there is no danger here that this property would run away somewhere.

Of course, there are a whole bunch of problems involving the transformation of cooperatives. In our cooperative, for example, currently some 70 people, who consider themselves to be authorized individuals, do not have documented ownership of land plots. That is why we adopted a deadline for them at the general assembly which is more lenient than that prescribed by law. We admitted that any one of these anticipated authorized individuals who documents his ownership to a land plot by the time the 20 August 1992 general assembly is held and who is thus a shareholder will have his property included in the transformation project.

[Kovar] The situation in our cooperative is similar; the first general assembly was held successfully and elected the transformation council. Now we are solving the problems of owners and a whole list of authorized individuals. Although these people registered for transformation by 28 April, they did not document their property ownership. And we also extended the deadline for them.

However, our cooperative differs from others by the fact that it operates on the cadastral territory of three communities in the former border areas, where people obtained land by so-called allocation. However, the law did not address this specific situation. Irrespective of whether we ask at the ministry or in court, no one knows thus far how to proceed in this matter. In many cases, the "owners" are in fact not the owners because the allocated land plot was to be paid for over a period of time and, as

we are finding out today, they did not even pay a single koruna. The cooperatives were paying off the live and material inventory since the 1960's, but sometime around 1967 there was a government regulation according to which the government wrote off these debts. When we now negotiate with employees of the finance offices, they claim that the debts which were forgiven are now being renewed and that we shall have to pay them off as cooperatives. So that recently we found ourselves in the following situation: We are expected to return property to people before the financial offices tell us how much the owner or the cooperative owes the state on this piece of property. As far as individual management is concerned, there is virtually no one interested in operating individually because these people practically had no ownership relationship with respect to the land, they did not acquire the land from one generation to another, as is perhaps the case somewhere in the interior of the country.

[Jirovsky] We must realize that the transformation law is virtually another restitution law according to which cooperative property is divided among authorized persons who so request. However, there are many problems and unclaritys. These problems are also based on the low degree of activity generated by organs of the land office and of the geodetic survey, who frequently blamed their shortcomings on us cooperative members and even frequently misinformed authorized individuals as to what all the cooperative allegedly is obligated to do in this situation.

From the standpoint of specific solutions, the situation in each cooperative is somewhat different, but it is necessary everywhere to proceed from the idea that if the cooperative divides its property the authorized person can count on it only in the event he assures the amalgamation of this ownership share for purposes of a business undertaking, be it a private business or a cooperative business. This is logical because this property is absolutely indivisible and, in view of the enormous number of individuals, it can only be broken up into financial payments so that it can be used for business purposes only by a kind of association. Also, as we have read in the newspapers, it is not possible to expect that in the cow barn one owner will have three cows, another four, etc., and that the owners will come to see how someone else is caring for their animals. This is nonsense! There must be one administrator who will be responsible for the results achieved.

We are already living in mature economic times and we know what is possible and what is not. It is therefore no wonder that the majority of the cooperatives are retransforming themselves into cooperatives. It is true that there are even efforts to make the transition to a corporation. In my opinion, however, these forms are not suitable for primary agricultural production. If I am to be a stockholder, I must compare whether my securities are yielding an appropriate dividend in comparison with the dividend available in other activities. This is not possible in agriculture because of its essence. Agriculture

is not and never will be only a question of economics, but also a question of nutrition as well as a question of landscape formation and environment formation. Therefore, the state must be interested in its existence and must support it in all possible ways in its own interest. In other words, agriculture must be considered in a completely separate manner from other economic areas.

[Fenc] I believe that despite all complexities it is possible to overcome the problems of cooperatives by utilizing some of the moments which we inherited from the previous regime and to create business entities out of the cooperatives which will be functional. I am convinced that the cooperative movement in this country will be preserved, that there will exist appropriate agricultural economic entities for many reasons. After all, they facilitate the rational management of property held by owners of varying size at large-scale production levels, they make it possible to economically utilize existing technological units and at the same time make it possible to return property, even when the owner changes.

These moments are so important that we do not admit to the possibility that we could fail to make positive use of them. Even if the transformation law, as Mr. Jirovsky stated, is yet another restitution law, despite the fact that it actually returns our agriculture to a status in which it was prior to 1948 and frequently even further, because land ownership was even more fragmented as a result of inheritance laws, I believe that there is nothing to prevent those people who have no desire to administer their property themselves from understanding that they have the opportunity, in transformed agricultural cooperatives, to see their property not only preserved, but even further multiplied.

[Jirovsky] The breaking up of cooperatives into ownership shares was a necessary matter and is useful in terms of their future. Somewhere here, the specifics of agriculture begin, as does the necessity of long-term relationships. Wherever the idea that a person can leave agriculture in two weeks for another activity survives, there will probably not be any good husbandmen and good results and, thus, not even long-term prospects. The entire matter of transformation must therefore be so designed and it is necessary to approach it also only in this manner.

Unfortunately, at the present time, cooperative members, specialized employees, and officials of cooperatives who specifically support transformation are compelled to frequently fend off even personal attacks by authorized individuals. And this is generally because the law is erroneously interpreted, inheritance matters are not adequately clarified, or because there are naive notions regarding rapid speculative enrichment. We are finding out that it is not until these negotiations that many people are learning what the facts and the truth are and are shedding their naive illusions. After all, there are about six or seven times more landowners than people who work in cooperatives and who know the entire scope of the problem. The majority of owners will not learn about the problem gradually until they begin to meet at cooperative meetings, until they receive proper information regarding the activities of their cooperatives. I believe that then even they will understand the entire reality and its complexities and that even in spite of this large number of authorized individuals agricultural cooperatives will acquire good positions in our agriculture and in the entire economy.

SZDSZ's Koszeg on Threat of One-Party System
92CH0845B Budapest UJ MAGYARORSZAG
in Hungarian 1 Aug 92 p 4

[Article by Ferenc Koszeg: "What Threatens Hungarian Democracy?"]

[Text] *From the 25-26 July weekend issue of GAZETA WYBORCZA, the Polish daily newspaper with the largest circulation, the Polish reader could learn what he should think about Hungarian democracy. Adam Michnik, a close friend of Janos Kis and of the inner circles of the SZDSZ [Alliance of Free Democrats], a leading figure of the left-leaning Polish liberals, is the guiding light at that newspaper, which is written in a spirit close to that of the Hungarian Free Democrats. We thought that it would be unfortunate to translate an article, which had obviously been composed in Hungarian, from Polish back into Hungarian, but, alas, the author was unable to supply us with the original text because, as he said, the Polish newspaper published an edited version of a lecture he had given in English last February in Trieste. However, we consider his work so instructive even in Polish that we would like our readers to be acquainted with it. Thus, the Hungarian translation:*

In 1988 and 1989, during the magnificent years of the Eastern European revolution, it was enough to shout "democracy," and everyone immediately agreed and rejoiced. Democracy meant that we would be free of dictatorship, there would be a constitutional state and self-determination, and, as the majority believed, the standard of living and the way of life of Western European countries would set in.

We all kept repeating that we would have to cope with economic difficulties, that inflation and unemployment would become serious problems, but those were only words. No one was able to imagine that in reality all this concerns hundreds of thousands of people who have to live on unemployment benefits, who are living without hope for the possibility of finding work; it means tens of thousands of embittered people who are threatened by the loss of even this benefit, and it may mean thousands of people spending the night at train stations.

Freedom brought to eastern middle Europe not only democracy, but also the revival of nationalism, of nationalist, and ethnic conflicts. As if there had been no German and Soviet rule for half a century, the geopolitics of the twenties and thirties, which one believed had been forgotten, have returned in an almost unaltered form.

We Hungarians like to boast that our country has freed itself of the middle European misery, that we have a parliamentary system of the Western type, that we possess established party structures, that we have a government coalition consisting of three parties, and a liberal and socialist opposition that also consists of three parties, and that we have a strong government with a

considerable parliamentary majority. That picture suggests that Hungary is an island of peace in middle Europe.

However, those facts do not prove that Hungarian democracy is safe. I do not want to recount here the instances of racism, of anti-Semitism, of xenophobia, of violent acts against gypsies and people from countries outside Europe. The extreme neofascist groups are of marginal importance in Hungary. Their press is not very influential, although recently, in the name of freedom of speech, someone defended the right to disseminate the theory of the "Auschwitz Myth," the theory that proclaims that Hitler's concentration camps were only figments of the imagination of Jewish propaganda. And that statement was issued by a parliamentary representative of the largest governing party.

Still, I do not think that such extreme excesses could represent a serious danger to the current Hungarian democracy. I say that even though I am aware that the borders between extreme right-wing deviations and the Christian-nationalist conservative philosophy are pliable and permeable. However, by now people have so little interest in politics, parties, and parliamentarianism, that even demagoguery would not arouse their interest. This is a very feeble and sad guarantee for democracy, but it is still a sort of guarantee.

The real danger to democracy is much less spectacular, but all the more serious. It is the renaissance, the restoration of the one-party state, which can occur even under the cloak of parliamentarianism and a multiparty system.

Currently, Hungarian democracy is based on two agreements. In 1989, in the course of the roundtable negotiations between the ruling Communist Party and the groups of the opposition, the participants agreed that the change of regime would occur peacefully, by constitutional means. The agreements reached here, and the referendum of November 1989, which abolished a few institutional vestiges of the one-party system, marked the path to the free elections in March and April of 1990.

The other agreement was not formal, but was rather based on a so-called gentleman's agreement, i.e., on a word of honor given by gentlemen. It was entered into by the largest governing party, the MDF [Hungarian Democratic Forum], and the largest group in the opposition, the Alliance of Free Democrats. Based on that agreement, shortly after the elections another constitutional amendment was ratified, and as a consequence of that amendment, the government was allowed a free hand in ruling the country, subject to its parliamentary majority. The MDF accepted as a principle that the basic structures and institutions of the new, democratic system would be created by the broad consensus of the government and the opposition, and that passing laws concerning such matters would require a two-thirds parliamentary majority.

The past two years of parliamentary democracy have shown that the government is not interested in searching for constitutional compromises. On the contrary, it endeavors to form the future institutions of the state exclusively to its own taste.

Since the fall of 1990, practically no laws have been passed with a two-thirds vote. Instead of entering into arguments and looking for compromises in order to pass new, vitally necessary laws, the government is on its way back to the old practice of the one-party state. It issues orders and carries them out, and pretends that the orders are adjusted to the new situation and serve the development of a democratic system of institutions.

Instead of endeavoring to create by agreement a system that would ensure the independence of radio and television, the government is instead striving to fill the key positions of the media with government officials. In the government's opinion, the task of the media is to reflect the point of view of the government and the coalition parties, and they should give up criticizing the government.

The ministries are continually curtailing the rights of the local governments and are attempting to make decisions themselves in matters concerning local communities. They set their own officials as watchdogs over the formally independent local governments to check and control the local organs of education, health service, and social programs, and they do not allow the initiatives of the local governments to prevail. Instead of the organs elected by the population, the word of state officials is decisive even in questions of vital importance to people.

A public life that is not characterized by independent media, where the media are controlled by appointed state officials, and where the economy operates on a system of state clients, cannot be called democratic; moreover, it cannot form the foundation of a future democracy, either.

Hungarians have experienced only a short period of both pure fascism and pure Stalinism. However, a one-party system functioning under the cloak of apparent parliamentary democracy has a much longer history in Hungary. Such was the situation following the Compromise of 1867 up to World War II. In the years between the two wars, a constitutional state existed formally, but public life was characterized by authoritarianism, and could not be called democratic in the least. Hungarians can also look back to a longer period of an apparently liberal, soft dictatorship, the Kadar regime.

The new one-party system, together with a small and weak opposition, which cannot efficiently influence public opinion and thus has no possibility of obtaining power, a system that is supported by the tradition of many years and by the indifference of people—that is the real threat to Hungarian democracy. In order to take up arms against it, an alliance of all democratic forces that oppose statism and populism is indispensable.

Government Bans Distribution of Newspaper *92CH0907A Budapest HETI VILAGGAZDASAG in Hungarian 15 Aug 92 p 78*

[Article by Endre Babus: "Newspaper Confiscation; Censure"]

[Text] For the first time since the UJ HOLGYFUTAR's memorable affair last year, a publication—the HETI SZUPER PSZT!, which has a circulation of 1,000—was banned again last week by the prosecutor's office because it gossiped about Foreign Minister Geza Jeszenszky allegedly being a secret agent. Following the denouncement by the administration, an order was issued the same day to collect all copies of the newspaper. We think that the personal-meditative tone of the writing, unusual in the HETI VILAGGAZDASAG, is justified by the fact that it is also unusual for a serious politician to seriously become serious about the "reports" of an admittedly tabloid publication.

When I learned from Radio Kossuth Saturday morning that the Budapest Attorney General had banned the newspaper HETI SZUPER PSZT!, the first thing that I did was to get a copy of the publication in question. I had never before read that publication, but I definitely became curious now about what this incriminating news was from which the state power establishment so eagerly wanted to protect me. Finding a copy was not adventurous at all: at the newsstand closest to my home, on the outskirts of Budapest's Harlem, I had the tabloid in my hand in exchange for 38.50 forints. "The police are going to come to confiscate the PSZT!," I said on leaving to the vendor who seemed unsuspecting, but replied with absolutely no sign of surprise, "I will sell them all by then."

According to Paragraph 61 of the Constitution, the Republic of Hungary recognizes and protects the freedom of the press. However, based on the Kadar-Berez type of press law, behind the Potemkin wall of our Republic's Constitution, the police can set out at any time to confiscate newspapers on the order of a prosecutor even today. That is to say, the extent of the freedom of the press is determined by prosecutors. The freedom of the press can "accommodate" a deputy chairman of a government party to fantasize in a newspaper, that identifies with the MDF [Hungarian Democratic Forum], about worldwide Jewish manipulation. The freedom of the press can also "accommodate" another prominent representative of a government party to declare in the largest daily newspaper that the president of our Republic has the popularity of a detergent and an inferiority complex. On the other hand, the Office of the Prosecutor holds that a tabloid may not be allowed to state about Foreign Minister Geza Jeszenszky that earlier he was a double agent (Hungarian and American).

This is an absurd situation. If the tabloid cannot provide any evidence, then the writer and, indeed, his possible accomplices, could be sentenced—in conformance with the administration's wish—to two years in prison for

making a libelous public statement about an official person. The newspaper would even fare worse if it can present authentic evidence to back up its statement, for in that case it could be indicted for disclosing a state secret, which could result in eight years of imprisonment. All the while, the country has been talking for two and a half years about the Kadar regime's thousands of informers who were not party members. According to certain press information, about ten percent of the members of today's parliament earlier served the Company.

Of course, it is conceivable that the tabloid bluffed. Truly, to create a stir, nothing is simpler than to claim that a member of the administration used to be a spy. Then representatives, bank directors, artists, or anyone who can be sold on the news market can follow. And perhaps they will indeed follow as long as the political elite fails to come out of its usual feverish idleness (four bill proposals on agents are currently before parliament, but none was deemed important enough for a discussion) and put an appropriate end to the affair of agents. The longer certain members of the political elite keep crying communist, the greater becomes their moral responsibility for investigating who actually served the party state as a goldbrick. Incidentally, perhaps the whole scandal could have been avoided if the prime minister had first obtained from the State Security Agency the files of his own ministers instead of the files of a few members of the Smallholders Party in order to prove to the world that not only former members of the MSZMP [Hungarian Socialist Workers Party] but also former agents were excluded from the Antall administration.

If only because of the facts, it is worth mentioning what other members of the cabinet—being enamored with 19th-century history—know very well, of course, that prosecution authorities could not operate during the last century's gallant decades like present quasi-censorship authorities. Regarding the freedom of the press, "law-statute" 1848/XVIII provided—obviously for reasons of guarantee—that intervention of this magnitude could only be carried out by the courts. It is stated in the first Hungarian press law that "Following indictment, the investigating judge may immediately confiscate publications or proofs if he deems it necessary," and its successor, the 1914 press code, took the same position. However, the administration, which at other times consciously refers to national liberal traditions, seems to stand much closer to the 1986 press law that allowed immediate confiscation of publications than to Hungary's liberal tradition of public law, which is, incidentally, similar to the European norms employed in this context.

Of course, it should not be part of the official responsibilities of ministers to tolerate the most abject insults and libels, but one should carefully weigh the option of mobilizing the entire apparatus of penal law against a newspaper. Perhaps it would be best to reserve this "weapon" for the most critical situations—e.g., for ostentatious instigations against groups of people—if

only in view of the passage in the Constitution about the freedom of the press. Would it not be wiser perhaps if, when necessary, a politician would demand even a large sum of money as moral compensation for an offensive and libelous publication, instead of initiating a police manhunt? Of course, the simplest thing would be if politicians conducted polemics on the marketplace of thoughts, i.e., in the press, instead of turning to public prosecution for retribution for a ministerial "lese-majeste." It is high time to reflect on the nature of mass communication in connection with Ady's words: "The press is press. It does not matter whether it is liked or not liked, whether it is praised or criticized. Not even a hailstorm would hurt the press. A French academician once said: Please remember, an academician. 'Just write, fellows. Write anything you like. The press will correct itself. No line has ever been written, even in serving darkness, that did not spread light. Go ahead and write. All writings are valuable and move the world ahead.'"

Proposed National Defense Legislation Outlined

92CH0908B Budapest HETI VILAGGAZDASAG
in Hungarian 15 Aug 92 p 15

[Unattributed article: "National Defense Draft Bill"]

[Text] The "raw" draft of the national defense bill, which has not yet been reconciled among the portfolios, is trying to eliminate "management duplications," often mentioned by the Defense Ministry (HM), through the expansion of the government's management authority. The parliament (or, in the case of a declared emergency, the National Defense Council) would remain the army's main managing organization which, according to the draft, would be responsible for approving the basic principles of national defense, the directions of military development, and the budget—in addition to other responsibilities as defined in the Constitution. On the other hand, during peacetime, all other decisions related to army mobilization, and the location, leading and training of troops as well as the army's partial deployment in case of an unexpected outside attack and until the parliament's decision, would come under the government's authority. "With the exception of issues that belong to military and professional leadership," the government could direct, through the responsible minister, the commander of the army who, by the way, would be, according to the draft, "the general with the highest rank, the defense minister's military advisor." The president of the Republic would continue to have the title of commander in chief of the army, with no authority to command the Armed Forces. Beyond his constitutional rights, his authority would be limited to the approval of defense plans and to the appointment and release of the highest-ranking commanders in accordance with the responsible minister's recommendation. Among other things, the bill would regulate information activities that are connected with national defense. Accordingly, "journalists may use only data received from the authorities which approve their use" and,

moreover, "a preliminary check of media communications may be ordered." According to the writers of the bill, the organization and operation of military censorship would be jointly regulated by the minister of defense, the minister of the interior, and the minister of culture, but there is no provision in the present variant whether such censorship would operate only in emergency situations or in peacetime as well.

Major General on Key National Defense Problems
92CH0847A Budapest UJ MAGYARORSZAG
in Hungarian 3 Aug 92 p 9

[Article by Major General Lajos Kondor of the Hungarian Defense Forces: "National Defense Is Again a Topic of Conversation"]

[Text] *Two news items that concerned issues of national defense and reduced the tediousness of this summer's domestic scene appeared in VASARNAPI HIREK on 19 July and in NEPSZABADSAG the following day. Up for discussion were the "human institutional system" to be established in the Hungarian army, the "pace at which the regime is changing," "laying the foundation for making soldiers aware of Hungarian values and the role of former political officers," the army's "system of uniform management," as well as planned military "service for clergymen." Interesting questions, but they avoid the essential problems of national defense.*

Not up for discussion was why two years passed without a serious attempt being made to resolve the future of national defense. From time to time, current politicians try to convince the public of the dangers that threaten our country. At the same time, neither the legislative nor the executive branch is concerned about exhaustive reform of national defense. (Even the idea of reform is foreign to some military leaders.) It is unclear which dangers actually threaten our country. What political and international guarantees are there for overcoming the real (or imaginary) dangers? Our country does not even have an approved defense doctrine (basic principles of national defense). There is no new military service or national defense law. No solid plan has been formulated for improving our Armed Forces or regulating military service and tactics...and it is possible to list further questions that await solutions.

The funny thing about this situation is that from time to time well-meaning, but amateurish "experts" weave pretty dreams about the Hungarian military's capacity for "deterrence" and "counterstrike." Meanwhile people forget one simple obstacle: the gross domestic product and total industrial output decrease in volume from year to year, which makes it impossible for the armed forces to expand significantly within a short time. In addition, we encounter no one who objectively argues that the need for rearmament (or excessive rearmament) is dangerous.

Maybe it is better if we do not burden ourselves with such ponderous topics during the silly season. Instead,

let us say a few words about the issues raised in the two news reports mentioned above.

The Hungarian army genuinely needs a human institutional system—in accordance with military practices—that have evolved over the centuries. (It would have filled a more fruitful role than party and political organizations.) However, the formulated goals are contradictory. It is crucial that the goals be promotion of tolerance for multifarious forms of service and development of responsibility for and absolute commitment to fulfillment of military tasks. What about social welfare and legal assistance? Perhaps establishment of a press service to improve the army's prestige? Maybe aid for religious worship?

The enumerated and likewise contradictory goals can all be found in the above-mentioned general's statement. It is thus important to formulate precisely the aim of a "human institutional system." (It is not at all a fiendish task: it is already included in the designation.)

Weapons' Change of Regime

There are, however, a few small glitches in the military concept of a human institutional system. One of them is freedom from politics and ideology. If the theoreticians ponder party politics or party ideology, the Armed Forces must remain aloof, of course. That goes without saying, however, because the Hungarian army is a national institution (it has to be). On the other hand, patriotism and national consciousness are ideology. Defense of an independent and democratic state is an official policy covered in the Constitution.

At least we can guess the purpose behind emphasis on freedom from politics and ideology. It conceals the earlier role of former political officers who plan to revert to the institutional system. The question is merely what they believe—and believed—in. Which of their beliefs are—and were—genuine? The former members of the Socialist International or today's patriots? Authenticity is not a negligible concern in the "human institutional system."

The pace at which the regime undergoes change can also give rise to some controversy. It is a fact that change has occurred in the political sphere. Party management of the Armed Forces has ended. Linkage to the internationalist alliance has ceased. Political organizations, which took on an educational role in 1989, have vanished. There is also a military aspect to the change of regime, however. (Just as economic change is accompanied by social change.) The pace of change in the military sphere can justifiably be called into question. Even today there is no perceptible qualitative change in military operations—no switchover from a quantitative to a qualitative viewpoint (and it is not a question of money). Laxity in training and discipline, lack of vigorous leadership, and the pretense of activity were seen as passive resistance during membership in the Warsaw Pact. Today the same things are crimes against the independent constitutional

state. In wartime, every single poorly trained soldier is a pointless victim among the country's citizens.

Military Group Interests

What I have written does not, of course, discredit the enormous work, effort, and sacrifice made by most officers and subofficers.

The preservation (but how?) of stability so often emphasized by Armed Forces leaders or the perpetuation (but where and when?) of values only makes sense if it is accompanied by proven acts and honest plans to foster military change. There is just one proof of all this. If there had been perceptible change in the military sphere, it would scarcely have happened that those under 30 years of age constitute 60 percent of the officers dismissed from the Armed Forces during the past two years. As the second line of military leaders from the prechange era moved to the first line and concerned itself with consolidating its position, we lost a considerable part of our future corps of officers. Maybe it is unnecessary to emphasize that military change is not independent of subjective factors, individual and group interests. Perhaps I have said enough about the pace at which the regime is changing.

It is common knowledge that on 1 December 1989 the government, which preceded the change of regime, created the system for directing national defense. At that time, the Defense Ministry and the General Staff parted company. The latter merged with the army's newly established commandship. That differs considerably from the practice in advanced Western democracies where the General Staff directs the Armed Forces and is closely linked to the Defense Ministry. The basic reason for the difference between Hungarian and foreign practice is prosaic: In 1989, it was necessary for a soldier of deputy minister rank to represent national armies on the military council of the still existent Warsaw Pact. (The soldier could not have been chief of the general staff, because a separate committee acted on his behalf.) For that reason it was the commander of the Hungarian army who, in contrast to foreign practice, is superior to the chief of the general staff. (In advanced democracies, the chief of the general staff is usually the armed forces' number one military leader.) That structure has been "preserved" up until today.

The other defect in the "legal structure" of the army commandship is that the national defense law (revised before the change of regime) grants the army commander powers that partly infringe upon those of the government. In other words, a person who shoulders no legal or political responsibility for legislation may enter a jurisdiction that belongs to the responsible government (or ministry). Maybe it would be at least somewhat interesting to ponder this question.

Chances for Spiritual Care

The practical outward form of that "legal structure" is such that on every crucial issue the military leaders are

able to impose their views on the government (minister). Still awaited is practical implementation of the Constitutional Court's ruling, according to which: "The Hungarian army commander may wield power only in accordance with guidelines established by supervisory agencies."

A few thoughts about spiritual care and awareness of Hungarian values. The fact that we are born Hungarians is nothing to be proud or ashamed of. It is a state of citizenship. On the other hand, permit us to love our people and country and accept our history. Without patriotism one can hardly make the ultimate sacrifice in defense of one's country. That is the soldier's duty. Military education contributes to promoting recognition and awareness of that duty. That idea is nicely expressed in a former statute cited—and criticized—by VASARNAPI HIREK: "Defending one's country is a most sacred duty, which everyone must fulfill with devotion that borders on self-sacrifice." It probably does not matter much that this was formulated in 1939. Hungary's current Constitution also confirms the importance of that idea when it states: "Defense of the fatherland is the duty of every citizen of the Hungarian Republic." (Today, too, a religious person can justifiably call defending one's country a sacred duty.)

When it comes to service by clergymen, it is certainly open to question whether establishment of an ecclesiastical elite in keeping with the military hierarchy (the field bishop is a general, a field dean is a colonel, etc.) is the most expedient way. However, there is hardly any question that soldiers have a right to—and a need for—spiritual care and religious worship. That is guaranteed by the Constitution as a basic civil and human right that cannot be rescinded during time of military service. On that issue, it is certainly more useful to remove obstacles to freedom of worship than to overorganize spiritual care in a military context.

Finally, it may be helpful to focus our attention repeatedly on the basic issues outlined in the introduction. Without solutions to these problems, there can be no change of regime, no effective national defense, no sweeping military reform. Two years have already gone by.

Decisions on Infrastructural Development Viewed

92CH0872A Budapest FIGYELO in Hungarian
13 Aug 92 p 7

[Article by Tibor Krecz: "(Infra)structural Decision-making Confusion"]

[Text] This summer, the condition of the Hungarian infrastructure is one of the most popular topics of discussion in government. The GK [Economic Cabinet], the GAM [Working Committee on Economic Strategy], and the KHVM [Ministry of Transportation, Telecommunications, and Water Management] intensively deal with the related problems. This writing demonstrates the

way zeal peters out as the case comes closer and closer to the executive power, the legislature, and political decisionmaking bodies.

The value of infrastructural developments not performed during the past four decades amounts to 900 billion forints, according to several expert studies. Expressing the backwardness of the infrastructure in forints becomes an even more bitter pill to swallow if one considers that it is primarily the physical infrastructure whose cost can be expressed in numerical terms, while data pertaining to the human infrastructure requires further data collection efforts.

Could the standards of the Hungarian infrastructure exclude Hungary from the European integration process? Two years ago, the then newly established government had already tried to dissolve the terrifying specter implicit in this question. The Program for National Renewal had included general and important tasks for infrastructural development. In early 1991, the Kupa program entitled "Stabilization and Convertibility" did not disregard this subject either.

The Most Important Ones

Most recently, a chapter on the "most important tasks to provide foundations for economic growth"—as contained in a proposal for a short-term government work plan developed by the GAM and adopted by the government—includes some noteworthy elements concerning the infrastructure. The work plan establishes a continuous series of deadlines and obligates the minister of industry and commerce and the KHVM minister to accelerate the development of infrastructural programs,

alternatively, to shift into higher gear the already prepared plans (road construction concessions, telephones) by 15 July.

The work plan designates "the improvement of the telephone situation, the development of telecommunications, the privatization of MATAV, the building of bridges, and the announcement of a housing program" as the "most important areas" demanding attention.

The accelerated work is supposed to be directed at the highest level by an interministerial Committee on the Infrastructure established as of 1 July. The tasks to be performed most urgently are: the announcement of concession agreements (15 July); a work plan for related privatization action (1 August); announcement of concessions regarding radio telephones (1 August); preparation of financing and credit plans (beginning immediately, continuous deadlines); and the development of a housing concept (1 October). And there is yet another task: The development of a strategy for infrastructural development and financing required by the World Exposition, with the inclusion of one or more international investment banks (1 August).

Accordingly, the above sampling originates from materials presented to the government as a result of GAM's preparatory work. Based on KHVM plans, the GK was able to debate details about the investments a few weeks earlier. (See table for details.) The KHVM names four particularly important tasks: the north-south, and east-west highway axis, the modernizing of the Vienna-Budapest-Belgrade rail corridor, and improvements in drainage and in sewage treatment. The development program that has been cut back in several of its phases, requires resources amounting to 680 billion forints. Where would this money come from? Who should make decisions about the allocation of these funds, where should these decisions be made, and how?

Excerpts of KHVM Proposal to the Economic Cabinet on Development Projects That Could Be Started in 1992/1993 (in forints)

Subbranch: Rail transportation

1. Track modernization between Budapest and Hegyeshalom, 178 kilometers—total resources needed: 14 billion forints; of this: 50-percent supplemental appropriation from the budget, 50-percent credit.
2. Track modernization between Budapest and Kelebia, 163 kilometers—total resources needed: 30 billion forints; of this: 50-percent supplemental appropriation from the budget, 50-percent credit.
3. Budapest southern bypass—total resources needed: 40 billion forints; could be given out in concession.
4. Gyekenyes-Zahony corridor, 419 kilometers—total resources needed: 40 billion forints; of this: 50-percent supplemental appropriation from the budget, 50-percent credit.

(a) Total projected cost of railroad investments:		189.7 billion
(b) Of this: State resources needed:		59.9 billion
Yearly breakdown of state resources needed:		
1992:	(a) 4.0 billion	(b) 1.5 billion
1993:	(a) 24.6 billion	(b) 6.9 billion

**Excerpts of KHVM Proposal to the
Economic Cabinet on Development Projects That
Could Be Started in 1992/1993 (in forints) (Continued)**

Subbranch: Public roads network

1. M3 highway to the border, 230 kilometers—total resources needed: 94.7 billion forints; of this: 52.3 billion from concessions, 18.1-billion supplemental appropriation from the budget, 24.3-billion credit.

2. M5 highway to the border, 131 kilometers—total resources needed: 46.1 billion forints; of this: 25.3 billion from concessions, 9.1-billion supplemental appropriation from the budget, 11.7-billion credit.

3. M7 highway to the border, 141 kilometers—total resources needed: 61.5 billion forints; of this: 34 billion from concessions, 12 billion supplemental appropriation from the budget, 15.5-billion credit.

(a) Total projected cost of public roads network investments:		339.3 billion
(b) Of this: State resources needed:		131.8 billion
Yearly breakdown of state resources needed:		
1992:	(a) 17.9 billion	(b) 6.9 billion
1993:	(a) 50.3 billion	(b) 19.5 billion

Subbranch: Air transportation

1. Ferihegy 2 development—total resources needed: 59.33 billion forints; of this: 59.33 billion from concessions, 4 billion from enterprise's own resources, 1.5-billion credit, 1.5 billion supplemental appropriation from the budget.

2. Purchase of two airplanes for MALEV—total cost: 26 billion forints; of this: 3.32 billion from the enterprise's own resources, 22.68 billion-credit, 0.4 billion from other sources.

(a) Total projected cost of air transportation investments:		121.7 billion
Yearly breakdown of resource needs:		
1992:		15.46 billion
1993:		42.52 billion

Subbranch: Urban transportation

(Without VOLAN, streetcar, bus, trolley reconstruction, track renewal)

Total resource need:		30.1 billion
Of this:		
(a) Directly from budget:		23.1 billion
(b) Enterprise's own resources		7.0 billion
Yearly breakdown of resource needs:		
1992:		(a) 1.7 billion
1993:		(a) 4.8 billion

Subbranch: Telecommunications

1. MATAV medium-term investments—total resource need: 86.5 billion; of this: 45-billion credit, 20 billion from concessions, 41.5 billion from the enterprise's own resources.

2. MATAV upgraded investments—total resource need: 124.5 billion; of this: 63-billion credit, 20 billion from concessions, 41.5 billion from the enterprise's own resources.

Total resources needed for telecommunications:		148.1 billion
Yearly breakdown of resource needs:		
1992:		52.6 billion
1993:		85.5 billion

**Excerpts of KHVM Proposal to the
Economic Cabinet on Development Projects That
Could Be Started in 1992/1993 (in forints) (Continued)**

Subbranch: Postal service

Modernization of money transfer services, reconstruction of vehicles, construction of post offices, reconstruction of office[s] at Budapest railroad station[s].

Total resources needed for postal service development: 13 billion; of this: 3.8-billion credit, 5.1 billion direct budgeted resources, 1.7 billion supplemental appropriation from the budget, 2.4 billion from enterprise's own resources.

(a) Total projected cost:		13 billion
(b) Of this: state resources needed:		6.8 billion
Yearly breakdown of resource needs:		
1992:	(a) 3 billion	(b) 1.5 billion
1993:	(a) 3 billion	(b) 1.5 billion

Subbranch: Water Resource Management

1. National Drainage/Sewage Program—total resources needed: 360 billion; of this: 216-billion supplemental appropriation from the budget, 74-billion credit, 60 billion from enterprise's own resources, 10 billion from various funds.

2. Securing water bases—total resources needed: 130 billion; of this: 71.6 billion in direct appropriations, 57.1 billion from enterprise's own resources, 1.3 billion from various funds.

Total resources needed for water resource management development: 701.5 billion		
Yearly breakdown of resource needs:		
1992:		22.6 billion
1993:		66.3 billion

Note: The ministry calculates cost projections at current prices. The annual breakdown details resources needed from 1992 to 1995; further resources are designated as investments after 1995.

Prestige Battles?

In the preparatory stages of decisionmaking one may be perplexed by the fact that based on the GAM proposal the government has established several tasks with deadlines, which, one could say, the GK has already performed based on KHVM plans. In this regard one could think of various political combinations involving prestige battles between government officials belonging to the GAM, alternatively to the GK. At this point it appears as more important to quote the opinion expressed by KHVM Deputy State Secretary Ferenc Kovacs in response to our inquiry. He reminded us that the National Renewal Program had included only generalities concerning the infrastructure, and the Kupa program had neglected to provide relevant details for an action plan, as compared to the way it had treated other areas. Considering this background, all interested parties should welcome the fact that the KHVM emerged with a project proposal broken down into specific plans. Following the preparatory stage, the game may now enter the substantive decisionmaking phase.

Regardless of the plan chosen, and regardless of the pace at which infrastructural development is to begin, the need for resources is so great that legislation cannot be avoided. (We must mention here that gaps still exist regarding the utilization of funds and the legal conditions for operations.) Csaba Siklos indicates in the introduction of the Ministry's proposal that the annual

amount of barely 30 billion forints customarily appropriated for such purposes should be greatly increased.

Certain groups in parliament dispute the assertion that a developed infrastructure could, indeed, become the engine for economic growth. Ruling party representatives Sandor Komor (MDF [Hungarian Democratic Forum], the secretary of the Committee on the Budget) welcomes the specific plans, and does not regard the fall deadlines, when these plans are supposed to become tangible, as a delay. He says that brush fires had been extinguished thus far by using the tight resources. Most of the tasks are yet to be performed!

On the opposition side, SZDSZ [Alliance of Free Democrats] Gabor Kuncze, regarded as the expert on infrastructure, views the delayed and insufficient measures implemented to liquidate the dual backwardness (certain regions within the country, and the significant differences between conditions in West Europe and Hungary) as the exhaustion of a readiness on part of the government to make initiatives. In his view the designated and goal-oriented subsidy systems are no longer appropriate to discontinue differences that exist between various parts of the country because it is impossible to provide standard subsidies due to the shortage of funds, and insofar as Hungary's integration with Europe is concerned, a lack of strategy appears to be the obstacle.

Kuncze reminds us, for example, of preparations for announcing highway concession tenders that have been going on ever since the Nemeth government, and that due to the delayed drafting of legal provisions such tenders may be awarded in 1993 at best, and construction may begin perhaps two years later. At the same time, however, the country intends to host 20 million visitors in 1996, in conjunction with the Expo. The situation is even more discouraging insofar as telecommunications are concerned. Most likely, the government delays the parliamentary adoption of the telecommunications law in order to protect MATAV's monopolistic situation, this, on the other hand, discourages the emergence of Hungarian and foreign entrepreneurs, according to Kuncze.

Legislative Forces

Representative Lajos Kosa (FIDESZ [Federation of Young Democrats]) provides a peculiar explanation for the constant emphasis on developmental goals, and for contradictions between specific proposals in parliament on the one hand, and the schedule of debating such proposals, on the other. Kosa believes that issues pertaining to the infrastructure were emphasized or deemphasized not on the basis of a government strategy, but much more as a result of actions taken by certain influential MDF legislators representing individual voting districts.

In any event, the issue of how these development projects will be funded must be resolved. In this regard they may discuss state budget contributions, and further, as that has already been mentioned at political gatherings (the MDF faction meeting at Balatonkenese), and in government circles (GAM report, KHVM proposal), private loans from abroad, perhaps governmental loans, and private capital based on concessions and enterprising.

Decisions in this regard, however, are not to be made by those who prepared the plans. A financial and political determination is required, according to Deputy State Secretary Ferenc Kovacs. The KHVM official believes that internal resources could also be mobilized. For example, based on new financial structures, commercial banks could be persuaded to invest in the profitable branches of the infrastructure, such as telecommunications and air transportation, and the banks' spasmodic insistence on state investment guarantees should be relaxed.

External resources could be attracted through concessions, but based on internationally accepted practices, state participation to the extent of 10-14 percent would be unavoidable. One could also borrow funds if needed, and one should also ponder investing part of the privatization revenues in the infrastructure. Ferenc Kovacs also mentioned a certain part of the infrastructure which is indifferent from the standpoint of returns, such as facilities related to water quality and to the mitigation of

damages. The state budget must be the decisive source of funding in regard to these investments.

Resource Dilemmas

The capacity of the budget to finance these projects and borrowing from abroad appear to be the most sensitive points. Komor's view provides an advance indication of the anticipated ruling party position in the course of the upcoming parliamentary debate: State budget funding of certain projects is indispensable, these may be regarded as investments, as conditions for growth due to the multiplying effects of the infrastructure. Several foreign banks have indicated that they would loan money for development projects, and since creditors are meticulous about Hungary's credit worthiness, one need not be concerned about the threat of becoming ultimately indebted.

The opposition reacted adversely in response to the idea of borrowing from abroad. Lajos Kosa would judge the individual projects based on specific credit terms, but he adds that the country's ability to bear the burden must not be endangered! Gabor Kuncze firmly states that the debt burden must not be increased further. According to this representative the government is forced to prepare a borrowing plan because of the upcoming Expo, and because legal provisions governing other forms of capitalizing are still in a rough draft stage and need to be detailed.

Funding requirements for infrastructural development will surface during the debate of next year's budget, if not earlier. In addition to the capacity of the state budget to provide financing, we will definitely hear about the extent to which the conduct of the newly indebted debtor—in case of new borrowing—is consistent with other goals, i.e., due to the increasing debt burden the state would be hard put to surrender the idea of monetary stringency; or about the ability of private service providers to produce sufficient funds to make installment payment to the foreign creditor, and if not, a debtor like this would have no opportunity for further development in the interest of which the infrastructure is being developed [as published].

Balance-of-Payments Surplus Calculation Revised

92CH0854A Budapest FIGYELO in Hungarian
30 Jul 92 pp 1, 4

[Article by R.B.: "Miscalculation"]

[Text] The reader must have realized with no surprise that the statement published on 21 July by MTI referred to the Finance Ministry's analysis in reporting a surplus of \$588 million in the balance of payments for the first five months of the year.

However, one day later, on 22 July, the minister of foreign trade reported a \$40 million deficit—or, after deducting items that do not require payment, a surplus of \$133 million for the first half of the year. Though the

surplus in the balance of payments has been decreasing every month since April, it amounted to \$624 million in April and \$588 million a month later, a change of this magnitude can hardly occur in 30 days.

Although we were given no official explanation, the problem must again be with the statistics, to be more precise, with the statistics of imports prepared by the customs office. Last year, faults in filling out customs certificates resulted in mistakes of similar proportions. And the customs office, which focuses its energies on collecting duties, probably had no energy left this year either to check the certificates. Thus, the imports, which arrived during the previous months, appeared for the first time in the statistics for June, and we have only just discovered that many more import products arrived in Hungary than had been calculated earlier.

Of course, realistically one cannot form an opinion of foreign trade processes by comparing the data of individual months. If we compare the \$40-million deficit of the last six months to the deficit of almost \$1.1 billion in the same period of the previous year, the picture is much more favorable. The 23-percent increase in our exports to the EC can also be considered favorable; with this increase the share of the EC in Hungary's exports approaches almost 50 percent. A further favorable development is the almost 24-percent increase in our exports to the former eastern countries, especially to the FAK [expansion unknown] countries.

However, experts point out that the growth rate of exports has been continually decreasing in the past three years: In the first half of 1990, exports in convertible currency increased by 30 percent; a year later by 18 percent, and this year by 16.5 percent. Moreover, the value of the increase, which is measured in U.S. dollars, can be influenced by the decreased value of American currency. A considerable portion of Hungarian trade is conducted in European currencies, the value of which is increasing; thus, the increase in value arrived at by converting the currencies into dollars hardly expresses real surplus in foreign trade. In addition, it is not clear how last year's trade amounting to more than 500 million rubles was accounted for in the comparison with last year's trade in dollars.

Concerning the structure of exports, in spite of the fears, agricultural exports increased by 22 percent, and exports of consumer goods by more than 40 percent. Of the \$5.1 billion worth of exports in the first half of the year, more than \$1 billion were piecework for foreign companies, principally in the area of the garment industry. One of the reasons why piecework increased so fast was that in March it became duty-free when part of the corporate law concerning trade took effect. (At the same time, the

export conditions for textiles made of Hungarian raw materials worsened, because the GSP [expansion unknown] allowances stopped.) When we consider our current employment problems, piecework is unquestionably advantageous. However, it is questionable whether this form of participation in the international division of labor is desirable for us in the long run.

It is a dubiously favorable sign that the rate of decrease in imports has been slowing down month after month. Namely, in the first four months imports were 28 percent lower than in the same period of the previous year, whereas in May they were 20 percent, and in June only 6-percent lower. (However, as has been shown above, the data are not dependable.) Namely, the decrease in imports is a result of the general decrease in production, and ultimately it leads to a decrease in exports.

And this is the point at which the optimistic forecasts can be disputed the most. The decreasing domestic demand forces manufacturers to increase their exports to a certain extent, even faced with a currency revaluation policy. But after a certain point—the exact location is unknown to us—the circle of exporters becomes necessarily narrower due to bankruptcies, and the lack of investments and technological development makes Hungarian products impossible to sell. From this point of view, such an increase in the share of piecework can even be a warning sign.

At the same time, forms of export assistance, such as credit insurance and a system of guarantees, as well as the financial prerequisites for financing middle- and long-range export transactions altogether, remain unsolved. The Export Guarantee Corporation, founded last year, is still not functioning because of its lack of a banking license. It is not by accident that 10 percent of all Hungarian exports and 12 percent of the imports are conducted through brokers. A considerable number of Hungarian companies cannot finance exports with payments taking several months, a condition that is common in the Western world. And selling machines and equipment for credits, which would come due in more than a year, although common in the developing world, is hardly possible with the present conditions of credit and interest rates. This is indicated by the fact that exports to the developing countries decreased by 13 percent in the first half of the year.

Of course the more than \$600-million discrepancy between the trade balance of the first five months and that of the first six months only happened because of an earlier mistake in calculations and accounting. But it would be good if the government did not base its optimism about the possibilities of the approaching recovery on such an error in accounting.

**The Balance of Foreign Trade
by Branches of Industry
(in millions of dollars)**

Industry	First Half of 1991	First Half of 1992
Mining	- 880	- 600
Electrical industry	- 100	- 30
Metallurgy	100	200
Engineering industry	- 720	- 370
Construction industry	6.7	0.2
Building-materials industry	25	15
Chemical industry	- 300	7.9
Light industry	- 280	20
Forestry	11.8	37.5
Food industry	620	510
Agriculture	100	430
Other	- 25	- 15

Correctional Labor Sentences Suspended

Text of Decree

92CH0903A Budapest MAGYAR KOZLONY
in Hungarian No 84, 7 Aug 92 p 2,717

[Minister of Justice Decree No. 13 of 7 August 1992 concerning the interruption of stringent correctional, educational labor sentences]

[Text] In agreement with the supreme prosecutor, based on Paragraph 398 Section (2) of Law No. 1 of 1973, as amended several times, I order the following:

Paragraph 1

1. Effective 15 August 1992 I interrupt the punishment of persons sentenced to perform stringent correctional, educational labor.

2. The interruption taking effect pursuant to Section (1) shall be for an indefinite period of time, until further action is taken.

Paragraph 2

Convicts presently serving correctional, educational labor sentences shall be freed by the date shown in Paragraph 1 Section (1).

Paragraph 3

The punishment of persons sentenced to perform correctional, educational labor and admitted to penal institutions after 15 August 1992 shall be interrupted without delay after processing by the receiving institution.

Paragraph 4

This decree shall take effect on 15 August 1992 and shall be enforced by the commander of the penal authorities.

[Signed] Dr. Istvan Balsai, Minister of Justice

Interpretation

92CH0903B Budapest HETI VILAGGAZDASAG
in Hungarian 15 Aug 92 p 15

[Unattributed article: "Interrupted Sentences"]

[Text] Effective 15 August, the minister of justice has suspended for a definite period of time—officially...until further action—the punishment of persons sentenced to perform stringent correctional, educational labor. This punishment became part of the Criminal Code of Laws in 1984 on grounds that "making truants become accustomed to regular work requires their confinement to one place and demands a more stringent supervision of their ways of life." Convicts are obligated to work at a given place and to live at designated quarters. The minimum stringent correctional, educational labor term is one year, the maximum is two years; a three-year sentence may be pronounced in the form of cumulative or combined sentences. According to the rules of criminal procedure, the minister of justice has authority to interrupt stringent correctional, educational labor sentences "for important reasons." The likely background to the present ministerial decree is that this type of punishment has long been the subject of debate among professionals (HVG 8 December 1984), and that after reviewing penal rules the government has recommended that the stringent variety of correctional, educational labor be discontinued (HVG 15 February and 6 June 1992). Based on the new provisions persons already serving their sentences must be "let go" by 15 August, and the sentences of those who would begin serving their sentences only after the middle of the months must be "interrupted without delay after their processing by the receiving institution." Fifty-five persons were serving stringent correctional, educational labor sentences as of 6 August according to data obtained from the Office of the Supreme Prosecutor.

Issue of Disclosing Secret Informers Discussed

92EP0616A Warsaw TYGODNIK SOLIDARNOSC
in Polish No 32, 7 Aug 92 pp 6-7

[Article by Teodor Szymanowski: "On Exposing the Secret Informers of the SB (UB)"]

[Text] The painful and so far unregulated problem of the secret cooperation of some Poles with the apparatus of the SB [Security Service] (UB [Security Administration]) excites strong emotions—and not without reason. The former employees of the SB do not form a morally and legally problematic category of the sort that voluntary informers do, and as long as they did not violate the law, they do not constitute such a socially sensitive problem as informers. The essence of voluntary denunciation consists in providing the authorities (or expressing the readiness to do so) with the information they desire concerning specific persons or a social environment while these agents functioned within the social environment in a completely different professional or social role. Consequently, the fact that the informer presented himself as a normal work comrade, classmate, or neighbor, whether in the country or in the apartment house, etc., is important.

Confidential denunciation was universally known in the PRL [Polish People's Republic]. The authorities and the administration of workplaces, schools, and various "semiofficial" institutions let it be understood that "we know everything," "we have our agents everywhere." This was probably something of an exaggeration, but the fact is that penetration of some social environments (for example, the large workplaces, the institutions of higher education, the legal profession, the priesthood, and church organizations in general) was particularly intensive.

I am not familiar with the precise mechanism of recruiting informers in the PRL, but based on random data and information that came from the trials of old Fascist collaborators, one may suppose that in the PRL three methods were used most commonly:

- winning over an agent through a community of avowed ideology,
- using intimidation or blackmail,
- promising personal benefits.

Having passed over this first method, the least repulsive and probably the least applied, the most common motives for undertaking the role of an informer were fear and personal advantage. I am familiar with an unsuccessful attempt by the SB to blackmail a priest of irreproachable reputation in Warsaw. He was threatened with criminal proceedings if he did not sign an agreement to serve as an informer, because a young boy had been drowned as a result of insubordination at a Catholic youth camp under his direction. Another example: during martial law, a law student sought my advice as to what he should do in regard to SB blackmail. The SB

demanding that he become an informer on threat of expulsion from his studies. I advised him to publicize this offer in his social environment along with his decision to refuse to cooperate. I also recommended that he visit his family outside of Warsaw for a time.

The refusal to accept a proposal to cooperate with the SB, supported even by a threat or blackmail, carried with it a certain risk of personal injury and sometimes even difficult moments, especially if blackmailed with the beating or even the killing of close persons. But it has been known for a long time that maintaining decency in difficult times may cost one dearly. And one must know how to pay this price, especially if one serves definite ideals and holds a prominent position in society. Such a position was once the rule among Solidarity activists. I became convinced of this while doing research among nearly 200 former prisoners of conscience in the mid-1980's. Most of them were blackmailed or pressured by means of incentives not only to confess to independent political activity but also to inform against other imprisoned activists. As a rule, they refused, and I believe that these were true statements, because their subsequent fates spoke in favor of this.

When evaluating the undertaking of the role of an informer by Polish citizens, one sometimes encounters the opinion that this was often a great tragedy for them. One cannot rule out situations in which an inexperienced person unwittingly "fell" into the role of agent or allowed himself to undertake that role, thinking, for example, that he was signing a record of interrogation rather than an agreement to collaborate with the SB.

It was always possible, however, to withdraw, which of course often brought with it certain vexations. However, it should be explicitly emphasized that collaboration with the SB (UB) was, as a rule, lavishly rewarded. Thus, persons blackmailed for committing a criminal act or compromising their behavior (for example, in the sexual sphere), by consenting to collaboration with the SB (UB), were liberated from the fear that they would be punished or that their immoral lifestyle would be exposed.

Persons who assumed the role of informer for "ideological" motives strengthened the prospects of their professional careers by taking advantage of their status of being "our man." Others received sums of money or various concessions. Rewarding collaboration with the SB many times took place in a loftier manner. In scientific circles, for example, obtaining interesting positions abroad, grants, or scientific posts by employees who had no fundamental achievements or prestige in scientific circles constituted a kind of bonus for serving as an informer. Many scientific circles would be able to point a finger at informers among academic instructors and professors.

In describing the phenomenon of informing in the PRL, its two functions should be emphasized:

- monitoring any activity that was independent of the PZPR (years ago even meetings of rosary circles in

some parishes fell within the UB's realm of interest) for the purpose of bringing the activity under control and, as a rule, eliminating it,

—creating a structure serving to disintegrate, intimidate, and repress society.

Let us remember—all us Polish citizens who in some way were engaged in dissident or independent activities in the period of the PRL—that we constantly had to take into account the fact that there were informers, and we asked ourselves the question, Who is he? The development and operation of a network of informers injured not only the people who were denounced but the entire society as well. Consequently, the view that the informer who did not inform much or even at all did not act to the detriment of his fellow citizens is erroneous. For he constituted a cog in the machinery of intimidation and terror which, in time of need, the authorities could set in motion.

To Expose or Not To Expose

This question is definitely belated (it should have been asked at least as early as 1990 when the PZPR ceased to exist in Poland), but that does not mean that it has lost its currency. The best evidence of this is given by the societal emotions and political activities that were released by the memorable resolution of the Sejm dated 28 May 1992. The polls of the public opinion research centers, the position of the Conference of the Episcopate of Poland, the majorities in the political parties and associations, and the declaration of NSZZ Solidarity are all evidence that the overwhelming majority of society expects the names of secret informers to be revealed. The problems as to which opinion is divided is the range of persons to be subject to exposure and the legal procedure for uncovering "the files" and the informers.

The opponents of an inquiry procedure most often mention the following arguments:

- intensification of the political struggle and social antagonisms in Poland,
- the evidentiary uncertainty of the documentation possessed and its incompleteness (it may have been partly destroyed),
- the necessity of solving Poland's systemic and economic problems as the first order of business,
- the mere fact of expressing consent to denounce still does not establish the agents' harmfulness to society,
- violation of the rights of former informers.

Among the basic arguments speaking in favor of exposing informers of the SB (UB) are the following:

- giving satisfaction to the victims of the informers' activities,
- restoring principles of justice and social ethics in the life of society and the state,
- breaking away from the remnants of the communist system,

- not allowing former agents of the SB (UB) into higher positions in the state or in local government, partly in consideration of the demands of state security,
- reference to the experiences of the countries leading in the liquidation of the remnants of the communist system (the former GDR, Hungary, Czechoslovakia),
- fulfilling the expectations of the majority of society and also its parliamentary representation.

I would like here to draw attention to two issues that are insufficiently appreciated in discussions. European civilization decidedly rejects the role and activity of the informer. Traces of such an attitude may be found in the knightly ethos, bourgeois morality, and in great European literature. In denunciation there are concealed at least two elements of this activity that may be characterized very negatively: fraud toward another person (the role of the informer is or is supposed to be unknown) and the treacherous method of operation (a "good" friend or long-time neighbor informs, thereby hurting an acquaintance and very often abusing his trust). The negative evaluation of denunciation is not tied to the mere existence of a crime or behavior that is negatively esteemed in society but to the fact that denunciation most often concerned opposition activities or other actions of people occupied with human liberty (for example, those who voiced dissenting religious, political, or scientific views).

No one is in a position even to estimate how many injuries, difficulties, and tragedies Poles experienced as a result of the activities of informers. In connection to this, I propose that TYGODNIK SOLIDARNOSC announce a competition in memory of the victims of the SB that will address particularly drastic instances of the activities of informers. This set of problems should also become an object of scientific research. After all, this too is a part of our history.

Furthermore, even now, former informers are committing fraud by not revealing their past, especially if they hold high positions in national or local government. Voters have the right to know who their representatives in parliament or the government are. One wonders how many votes a former SB (UB) informer running for an elected post would receive even if he had previously been a very famous and popular politician? Recollection of the ethical aspect of acting as an agent seems to me banal but—against today's confusion of material—indispensable. With embarrassment and astonishment, I listened to some well-known politicians and parliamentarians as they argued for the complete abandonment of inquiry into this matter and as they testified that they had lost the ability to distinguish good and bad. I suppose they had a particular reason to take such a position.

It is also sometimes said that it is not possible to conduct a full, objective exposure of past informers, because documentation has been destroyed or is of uncertain credibility. This is a misunderstanding. One may not conclude from the fact that some documents have been destroyed and that a certain number of agents will never

be exposed that others should not be exposed. Here an analogy from criminal law arises: If there is no proof in relation to some suspects, this cannot mean that those among them as to whom there exists proof may not be punished.

On the other hand, if it is a question of the SB (UB) falsifying documentation, then indeed one may not theoretically exclude this possibility. But please give an argument demonstrating what purpose there would have been before 1989, when the downfall of communism was not yet considered, for such falsifications to be committed. After all, this would be an irrational activity, hindering the efficient functioning of the SB. The records and archives of the SB (UB) were not intended for wide publicity. Of course, one may imagine particular situations in which it was a matter of provocation aimed at leading activists in the opposition.

It should be remembered, however, that the entries in SB records or files regarding activities undertaken as an agent constitute very important, sometimes decisive, proof—but not the only proof. After all, there exist still other documents, witnesses, the opinion of the social environment, the activity conducted, etc. I believe that persons who are suspected of acting as agents but who categorically deny this and demand that judicial proceedings be conducted should be guaranteed such proceedings at the cost of the state (provided that they would have to return the costs if the court were to rule that they had been agents). In a criminal trial, very sophisticated methods of inquiry are applied, and were they applied analogously in cases of exposing collaboration with the SB, I believe that mistakes may be practically excluded by applying the well-known trial principle that “doubts are settled in favor of the suspect.”

How To Expose?

As a citizen and a lawyer engaged in social and legislative activity, I would like to propose a few assumptions of a future statute on inquiry that would respect the interests of the state and society as well as those of individual citizens (that is, both the victims of denunciation and the agents themselves).

The range of persons subject to having their pasts as SB (UB) agents should include:

- the category of persons mentioned in the resolution of the Sejm dated 28 May 1992, independently of strictly legal offenses and the decision of the State Tribunal,
- persons of whom state or social institutions are conducting an investigation, including legally operating organizations and associations that plan to entrust the given citizen with a socially important function (by election or appointment),
- persons believed to have been injured by the activities of secret informers if they make that seem likely in any way; disclosure of files would concern only citizens who were victims of informers.

All materials collected by the SB (UB) concerning events from the lives of Polish citizens, interrogations, etc., should be made available to those citizens.

In future regulations governing the problem of inquiry, it is essential to define in detail what actions of SB (UB) informers are subject to exposure. The current confusion derives in part from the fact that the signatures of citizens appearing under SB documents, such as interrogations and conversations after returning from abroad that did not harm anyone, were sometimes absolutely wrongly defined as collaboration. Also, the signing of so-called loyalty oaths has nothing to do with the secret activities of agents, because a human being has a right to freedom, including refraining from opposition activities.

The establishment of procedures for revealing the activities of some informers is also extraordinarily important. I think that certain measures of the Code of Criminal Procedure (especially in the evidentiary field, the rights of the “suspect,” and adherence to the principle of substantive truth) should be reached for here. However, I would propose that in order to make the procedure more efficient that the principle be the adopted that cases of exposing a former agent make it to the court only on the demand of a person who believes that the commission’s decision is not prejudicial to the person.

Cases of high state officials should be considered in secret only when the revelation of certain circumstances could jeopardize state interests.

In the draft of a future law on inquiry the following problems should also be considered:

- the possible penalization of the conduct of informers,
- the possible range of damages for losses borne in connection to the activities of informers,
- the establishment of a period of limitations for revealing the activities of agents.

The wave of account-settling put into motion by the resolutions of the Sejm has begun, and nothing now can restrain it. It is now a matter of seeing that it brings as many benefits to the country and as few injuries to individuals as possible.

[Box, p 7]

The author is a law professor at Warsaw University and a member of the Presidium of the Commission on Criminal Law Reform. He is a member of NSZZ Solidarity but belongs to no political party, and for years he has been an activist of the Patronate.

Government Proposes Social Contract on Enterprises

92EP0635A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 1-2 Aug 92 p 1

[Article by Anna Wielopolska: “Government Proposes Pact on Enterprises”]

[Text] The tensions caused by strikes provoked the government into presenting the union federations with a social contract that can easily be called a nonaggression pact. Its main purpose is to involve the workforces, to a greater degree than heretofore, in the process of transforming enterprise ownerships. At the same time, as minister Jacek Kuron stated, the pact is an expression of the government's categorical opposition to the wave of strikes.

The document, prepared in the Ministry of Labor and Social Policy, gives priority to accelerating organizational and ownership changes of state enterprises and finding solutions that would stabilize their economic situation. It expands the right of workforces to participate in the ownership of enterprises, allowing them to obtain stock—up to 10-15 percent of the total shares—free, on a preferential basis. At the same time, employees will benefit from special privatization accounts, based on a transfer of part of the profits (after taxes) to a special bank account. This mechanism will allow employees to participate in the privatization process.

The pact guarantees constant employee representation in the supervisory councils of the companies being formed. The property of the enterprises, offered for lease under easy financial terms, will also be made more available and it will be possible to exchange a lease for a purchase-sales contract. The pact proposes that allowances be granted in the case of enterprises being sold on instalments as part of an auction procedure for companies in which the firm's employees are shareholders. Farm producers will also be given preference in participating in the enterprise privatization process. This applies primarily to farmers who are continuously connected with the privatized enterprises, giving employees and farm producers equal participation in the makeup of the supervisory council and the right of the producers to obtain 10 percent of the enterprise's stocks free.

The process of dividing an enterprise will be simplified, which will make it possible to quickly exempt it from dividend payment. Endowment of the enterprise with property rights will also be faster, which in some cases will mean that decisions confirming the right to perpetual use will be hastened.

In the area of management, managerial contracts will be binding, and the present configuration of a "vicious" triangle—self-management, trade union, director—will be eliminated. Procedures for appraising and selling nonproductive enterprise property will also be simplified. The solution here may be compulsory municipalization or token sales. Bonuses will be awarded if transformation decisions are made autonomously. These bonuses are forfeited in the case of compulsory commercialization of an enterprise.

To improve the financial condition of enterprises, debt rescheduling is anticipated. But only those firms can take advantage of it who show promise of being able to survive. This does not mean that debt-reduction will be

automatic and universal. It means only that banks will be set up that will be required to take the appropriate strategy in individual cases.

Wage negotiations are provided for on a two-level system: Nationwide negotiations will be conducted in the fall prior to the passage of the budget bill, and only the government can be a mediator. These negotiations will determine the size of the possible wage growth during the course of the year. The second level of negotiations are negotiations inside the enterprise, taking its actual economic conditions into account.

Two levels of negotiations also apply in concluding a labor contract: on an above-the-plant level, where general minimum standards defined in the Labor Code are considered—those pertaining to working conditions and employee protection—and on the plant level, where the main give-and-take will pertain to wage questions. Welfare benefits will depend on the enterprise's form of ownership. The basic fund will amount to 25 percent of the average monthly wage. The pact also defines rules for satisfying employee claims according to insurance regulations.

Concepts of Farm-Debt Reduction Discussed

92EP0635B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 5 Aug 92 p 1]

[Article by Mariusz Pawlowski: "Two Unions, Two Concepts"]

[Text] A national commission met on Tuesday to discuss the following subjects: the rules for appointing voivodship and gmina social committees and their area of responsibility and authority; the procedures and rules for investigating individual applications for the purchase, by the Agricultural Debt-Reduction and Restructuring Fund, of debts incurred up to 14 July 1991; and granting new preferential credits. This commission is connected with the Agricultural Debt-Reduction and Restructuring Fund, and was composed of representatives (not yet officially nominated) of the four agricultural trade unions, the Ministries of Agriculture and Finance, and the National Bank of Poland [NBP].

"Rural Solidarity" believes that all credits drawn to the present moment should be included in debt-reduction, because many farmers drew them in recent months in order to pay off old obligations. It also states that if the banks are unwilling to sell (for 20 to 50 percent of the amount of the debt) the Fund's indebtedness, the union will take legal steps to persuade them to yield. In "Rural Solidarity's" opinion, it will unquestionably be most difficult to convince the commercial banks. An audit of the credit contracts signed in 1989 is also deemed to be important, because the drastic increase in the interest rates in 1990 make it impossible to pay them off, regardless of what kind of results are obtained on the farms.

"Self-Defense," putting the matter of debt-reduction most radically, criticized the slowness of the government in officially legalizing the Council and its vague criteria for purchasing the debts. It also demanded a mandatory order (or law) that would somewhat automatically grant the right to reduce the debts of all farmers and expand the scope of rescheduled loans for housing credits.

It was jointly agreed that the trade unions will appoint the local social committees, and not the local authorities, as the government suggested. A reduction in the interest rate on preferential credits was also demanded, from 20 percent (as the government proposes) to 12 percent, because only that rate will ensure the profitability of farm production. The deputy minister of agriculture, Janusz Bylinski, who came to the meeting, announced in the name of the ministry that the possibility of meeting some of "Rural Solidarity's" demands (made on 3 and 13 July) pertaining to reductions and preferences for agriculture, is being investigated.

Decisions to exempt farmers from the second and fourth installments of land tax may be made by the local state authorities. Nor does anything stand in the way of having the Self-Management Little Sejms subsidize the impoverished gminas, while the voivodes, with the permission of the Ministry of Finance, transfer some of the budgetary funds to agriculture.

Aimed at reconstructing crops, the Fund will use 720 billion zlotys [Z] derived from the state budget for supplementary payments for certified crops (as much as 50,000 per quintal is mentioned in the draft), for expansion of water supplies, for supplementary payments for fertilizer procurement credits, for feed, and most likely for fuel. The latter funds will go to the banks as the Fund's contribution, or the Fund will cover all costs of servicing the credits ensuing from an interest rate of more than 15 percent. Money from the ecological foundations will help agriculture in the regions most affected by drought. In addition to budgetary funds, a steady flow of money into the Fund will ensure that NBP reserves will bear interest. Every month 50 percent of the amount of the refinancing rate, that is, approximately Z150 billion, will be paid in.

At the beginning of the season, the Ministry of Agriculture predicted a decline in yields from one hectare on the order of 2.5 quintals, and in crops, 24 million tons in the country as a whole. The drought increased the amount of the expected loss by about 2,600 thousand tons, which means that there will be a shortage of 1 million tons for consumption, compared with last year. We do not know yet whether the shortage will be in feed or in food grain, because this will depend on the gluten content, according to which certification is made.

Without waiting for final crop figures, the Ministry of Agriculture has requested the minister of finance to reduce the duty on the import of protein feed concentrates, which should help to reduce the shortages and increase the stocks of consumption grains.

Highway Construction Hampered by Lack of Funds

92EP0626A Warsaw RYNKI ZAGRANICZNE in Polish
4 Aug 92 p 6

[Article by (S. Sok.): "Highways for Hard Currency: Plans, but No Funds"]

[Text] The building of new highways has become a necessity today. Without a functional network of roads, the economy cannot bloom and the international exchange cannot be energized.

Poland has had and still has big, ambitious plans for highway development. I would like to remind you that a dozen or so years ago we initiated a proposal for construction of the North-South highway, connecting Scandinavia with the countries of southern Europe. At this moment, Poland has made the least amount of progress in working on its very own project.

Of course, the biggest problem is financial difficulties. We cannot bear the gigantic costs of construction alone. Other countries also developed their highway system with the help of foreign funds; only the richest countries can afford such costly investments.

Poland is trying to get \$100 million credit from the World Bank for modernization of the road system, and \$80 million from the European Bank for Reconstruction and Development [EBRD] for building new highways. Such an infusion of money would be very helpful to the road builders, because the yearly maintenance of all roads costs more than 100 billion zlotys [Z]; the General Administration of Public Roads provides for this purpose only about Z30 billion yearly. Therefore foreign credits will be necessary.

The EBRD would possibly be able to finance construction of about 55 percent of the highways in Poland. But they would do so with the reservation that already advanced work will be finished first, and only then would new highways be built, starting from one roadway.

There is a problem with road fees. In many countries, like France or Italy, highways are not free, but there are countries like Germany where there is no road fee. Poland is thinking about toll roads which would help to pay back credits. In Western countries, credit payments are spread over 20-25 years, and the date payment is due depends upon the cost of gasoline and the amount of traffic on roads. If the same criteria were applied in Poland, credit payments would be due in 50 years. Of course, we could increase road tolls; however, more experienced countries have already tried this, and the whole business turned out to be unprofitable, because drivers started choosing free roads. In the current economic situation, and under present regulations, we cannot foresee when a significant increase of traffic will occur; however, there is evidence that such situation will finally occur.

The acceleration of highways construction work would also occur through involvement of national resources and new forms of financing. Some time ago, private entrepreneurs from Poznan wanted to fund part of the A-2 highway, from the border to Wrzesnia, but the whole project collapsed because of legal difficulties. Another way to get money would be releasing of shares, which is common in many countries. But how such plans be realized if the Ministry of Finance does not see a need for organizing a road fund?

The old plans included a proposal for construction of four highways, to be linked to international routes. An example is the A-2 highway, leading from the German border through Poznan and Warsaw to the eastern border, including the two-lane Wrzesnia-Konin section, of about 50 km, and a section about 10 km long near Siedlce. The highway is about 625 km long; thus, over the past 20 years not much was done. The sections that have been built do not meet modern highway standards.

Construction work on the A-4 highway, which goes through Wroclaw, Katowice, and Krakow to the eastern border, and which is part of the Polish section of the Brussels-Lwow-Black Sea highway, is more advanced. A section about 150 km long has been built.

The problem of which road is going to be the first Polish highway is still under discussion. Our experts believe that we should finish construction of the A-2 highway first; foreign experts, including representatives of the European Bank, prefer finishing the A-4 highway. Of course, the best solution would be continuation of building of both routes, since the intensity of traffic is already quite high on both roads.

There are great delays in our oldest investment, the A-1 route. The Polish section is to be 600 km long, yet only a section 16 km long near Piotrkow, the 70 km-long two-lane road from Piotrkow to Czestochwa, and 40 km long belt around Sopot, Gdynia, and Gdansk are ready to use.

Our plans also include construction of the A-3 highway, connecting Scandinavia with the south of Europe, through Szczecin and Zielona Gora, and a connecting highway from Lodz to the A-3. A high-speed road with highway parameters is planned, as an extension of the Via Baltica, a route which starts in Finland, and continues through Estonia, Latvia and Lithuania to Warsaw. But it seems that the whole project is an investment for the distant future; none of the investors have adequate funds.

Right now the only visible example that the system of highways is being developed is construction of a bridge near Torun, over which the A-1 highway will go. The planned date of completion of this project is 1995; the cost of the investment is about Z1.2 trillion. If we consider the fact that this year the road builders have about Z80 billion to spend, there is little doubt that there must be help from the government.

We can see that plans and programs exist, but that difficulties start when it comes to financial sources and real decisions and settlements, such as the problem of cooperation with foreign contractors, or problems with foreign credits. We cannot escape the problem of highway construction, but it is important that a modern road system be achieved as quickly as possible.

Pros, Cons of Tobacco Monopoly Discussed

92EP0583A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 15 Jul 92 p III

[Article including interview with Deputy Marian Starownik, one of the authors of the draft law on the tobacco monopoly, by Anna Marszalek; place and date not given: "Monopoly—Who Is For, Who Is Against"]

[Text] Limits, licenses, or banners.... The deputies' draft of the tobacco monopoly law has been sent to the parliamentary commissions, having been presented for the first time in the House. An eventual reintroduction of the monopoly (the Polish state had the monopoly on tobacco products before World War II) has stirred a lot of controversy.

According to the draft, the State Monopoly, acting as a partnership of the Treasury, would be established by the ministers of finance and agriculture. The Monopoly would have an exclusive right to license tobacco processing, the manufacturing and importing of tobacco products, as well as the wholesale trading of the final tobacco products in Poland.

The basic goal of the Monopoly is to protect the state's financial interests (especially to secure a smooth flow of revenue to the budget), as well as the interests of the tobacco planters and manufactures of tobacco products (Art. 8).

Within three months after being established, the Monopoly's directorate would define the purpose of and the need for bringing in foreign capital to the domestic enterprises.

As of now, two ministries govern the production and import of tobacco products. The Ministry of Agriculture, in accordance with the 23 November 1988 law on economic activity, issues permits and promises regarding the manufacturing of tobacco products. Four licenses of unlimited duration have been issued so far. They have been given to Aspro (Wroclaw), Alians International (Myslenice-Jawornik, Cracow voivodship), Reynolds (Wolomin, Piaseczno—in construction), and Aleksander Field-Cigarette (Warsaw). Those four companies are supposed to make 9.8 billion cigarettes. This would constitute about 10 percent of the Polish tobacco industry production (it makes approximately 100 billion cigarettes). In addition, the Ministry has issued five promises.

In turn, the Ministry of Foreign Economic Cooperation is in charge of issuing permits to import tobacco products. They have been granted to the following companies: Sezampol (Gdansk), Carolina Center (Gryfino), Trade Agency Vabank (Elblag), and—for alcohol and tobacco—Rival Ltd. (Poznan), Baltona Inc. (Gdynia), Rolmex Inc. (Warsaw), and Agros Ltd. (Warsaw).

It is estimated that approximately 10 to 15 billion cigarettes were smuggled to the Polish market last year. The Treasury's losses, due to unpaid customs fees, are estimated at about three billion zlotys [Z].

As we have been told at the Turnover Revenue Department of the Ministry of Finance, work is under way to prepare the technical aspects of the excise enforcement operation. The cost of introducing the excise documents for tobacco and alcohol products will be between Z2.3 to 3.1 billion. Eight more months are needed to finish the technical preparations for this operation.

We Have To Prevent Losses

[Marszalek] The idea of introducing a monopoly on tobacco products has stirred a lot of controversy. What were the motives of the draft's authors?

[Starownik] The monopoly has been successfully applied by such countries as Japan, Austria, or France. Their monopolies work efficiently and no one can claim that those countries do not have market economies. They take into account both the interests of the state and of the producers. Foreign capital is allowed in. Why would this idea would be bad in Poland?

[Marszalek] The draft suggests that you would protect mostly the Polish tobacco planters, without taking into account the interests of the manufacturers and importers of tobacco products.

[Starownik] Not at all! The draft has been prepared in such a way as to defend the interests of the Polish enterprises which make cigarettes, guarantee revenue for the budget, stop the contraband, and secure the market for Polish tobacco. I represent a group of deputies who themselves are tobacco planters. The tobacco planters, of whom there are more than 200,000, have found themselves in a hopeless situation these days. Barely 50 percent of the tobacco needed by Polish tobacco product manufacturers (about 45,000 metric tons) has been contracted so far this year. The rest will be imported from abroad. It will be tobacco worse than the Polish one, at the edge of its expiration date, but cheaper. However, one has to remember that that tobacco is subsidized. In Italy, for example, subsidies cover about 90 percent [of the production costs]. In Poland, meanwhile, tobacco is not subsidized. This has contributed to a total collapse of Polish exports. The tobacco factories in Lublin voivodship, for example, owe as much as Z120 billion to the planters.

[Marszalek] Still, by protecting one group you hit Polish industry and the customer who, after all, does not want to smoke the Popularne cigarettes.

[Starownik] The Polish cigarettes made of Polish tobacco could be very good. One has to force the Polish industry to utilize as much Polish tobacco as possible. The fine cigarette brands need only about 20-25 percent of Oriental tobacco. The rest is nothing more than so-called filler, which can be made of Polish tobacco, especially that grown in the southern voivodships. Apart from this, the Monopoly has to protect Polish industry which needs large amounts of money for its further development. The Monopoly will also undertake research on Polish tobacco.

[Marszalek] Polish cigarette makers oppose the monopoly. They think that it will slow down the infusion of foreign capital and stop privatization.

[Starownik] We do not oppose privatization. We favor the infusion of foreign capital. However, we have to secure revenue for the budget. Last year, the state made five billion zlotys on this business, but it could have made as much as Z20 billion. Why shouldn't the wholesale firms be state-owned? It was the free market, among other things, that caused that loss. Besides, the contraband has grown into amazing proportions. The monopoly is supposed to prevent that.

[Marszalek] The excise enforcement operation could be undertaken without establishing the state's monopoly.

[Starownik] But it has not been undertaken yet. Even if this turns out to be the only result of this draft, then it was worthwhile preparing it.

Following are opinions about this draft law from people directly interested in this issue—tobacco-product producers and importers active on our market.

Grzegorz T. Jedrzejczak, Philip Morris Poland

The draft of this law has been prepared from the point of view of the tobacco planters. Its goals of protecting the interests of the Treasury, the manufacturers of tobacco products and merchants are only a garnish. As the history of the planned economy in Poland has proven, one cannot isolate the market from international competition through administrative methods. Neither can one disregard consumer preferences. Smokers prefer cigarettes made of light tobaccos with a lower tar and nicotine content over cigarettes made of low quality dark tobacco. The command economy used to set the production and import quotas, play with the custom fees, subsidy exports, and issue permits for many years, but all that turned out to be ineffective.

The protection of the planters' interests cannot take place at the cost of the tobacco industry, commerce, and the state budget. As the European examples indicate, the monopolization of the tobacco industry always leads to

the loss of the market to the private companies and then to the state's gradual abandoning of the monopoly.

The proposed quotas would only contribute to the increase of contraband, and, by the same token, to the decline of demand for the domestic tobacco products. It is also obvious that a wide application of the permit and quota powers by the Monopoly would lead to widespread corruption. As a result, all that would mean the collapse of the Polish tobacco industry (including the planters), instead of its protection and growth. (The Philip Morris company is the largest tobacco corporation in the world).

Jacek Siwek, President, B.A.T. Group Poland

It makes no sense to introduce a monopoly in a country which strives toward the market economy. The presumable goals of that monopoly could be accomplished in a purely economic way, without creating a structure that would make everybody's life miserable. Perhaps it looks differently from the point of view of the planters, but from the point of view of the consumer, it is unacceptable to undertake a measure which would lead to a decline of product quality. Besides, we won't get admitted to the EC with these kind of regulations. In addition, with a state monopoly, state budget revenues are much lower. It is enough to compare, for example, France with Germany or Great Britain.

It has to be decided once and for all whether we privatize the economy or maintain state ownership. The situation should be clear. The Monopoly is supposed to have the power to give permits and take them back. International companies intend to invest millions of dollars in Poland. It is difficult to imagine that they would come here without being sure whether a monopoly will be introduced or their licenses taken back within a month, for example. They also have to have a say with regard to distribution. In addition, the matter of getting the raw materials is the manufacturer's business. Meanwhile, the Monopoly wants to set import limits on high-quality tobaccos.

Furthermore, according to the draft, it is the Monopoly that would analyze the market and evaluate the demand for particular brands of cigarettes. Why in the world would anybody do it in lieu of the manufacturer himself?

In order to control contraband, one can introduce the excise documents, used to good effect by the Germans, among others. But this can be done without the monopoly. (B.A.T. is a holding company of about 60 units. It is conducting preliminary negotiations with the Masurian Factory of Industrial Tobaccos in Augustow).

Piotr Piwowski, President, R. J. Reynolds Tobacco (Poland)

The deputies' idea of the monopoly is practically a return to the concept of the old style associations [bureaucratic structures, located above factories but beneath the central ministries, introduced at the end of the 1960's]. Monopolies in the countries I know about are fiscal

monopolies, which do not prescribe where, how much of, or what kind of product can be manufactured or sold. If we want to improve the quality of cigarettes, we cannot protect the manufacturers of poor quality products. Can it be that some office will tell us what kind of cigarettes we can smoke? The monopoly, as defined in the draft, contradicts the principles of the market economy. One does not have to introduce a monopoly in order to regulate the tobacco market. There are plenty of purely economic and control mechanisms.

It is the market that decides how much and what is to be produced, and the institution of the monopoly is not needed for that purpose. It could perhaps be used to control quality, but the free market itself would enforce higher quality. The companies' vying for their customers is a healthy competition which stimulates the economy.

Cigarettes are one of the so-called "excisable" goods on which the budget thrives. We pay a 65 percent tax. Why does the government want to lower its revenue by cutting down on production? Besides, if we want to join the EC, we have to accept its rules.

This draft protects the weak and the bad businessmen. It is a retrogression into a Stalinist economy, a dictate-type of approach toward the customer, and a complete retreat from the market economy. It can scare away any investor in this country, not only in the tobacco business.

The import licenses issued nowadays prove that our border guard and revenue services are ineffective. What we need is a treasury police and efficient customs and revenue services. (The R.J. Reynolds company owns a cigarette plant in Wolomin and is building another in Piaseczno).

Marian Pietras, Deputy Manager, Lublin Tobacco Factory

We are for the monopoly. One has to clean up this mess at last. One has to determine the quantity of the raw material production. Goods which can be manufactured in Poland do not need to be imported, especially if a large group of people makes a living on this. Tobacco is often imported after its expiration date, and it is bought, because it is cheap. In Poland, meanwhile, subsidies have been cut off. It has almost stopped our exports entirely. We used to export our tobacco even to such countries as the United States, Germany, Holland, Austria, and Yugoslavia. The latter is under embargo now.

By a stroke of fate it so happens that our plant processes raw tobacco. We have been tied down by agreements with the planters to buy tobacco from them. We had to buy 18,200 tons of it. It isn't even that much—in previous years we would buy as much as 36,000 tons. The tobacco we bought is worth Z260 billion. We are late with the payment of Z185 billion to the planters (Z214.5 billion with interest).

Following deputy Jan Kowalik's address in the Sejm, I confirm that those states that produce tobacco do have

monopolies. Countries that only import tobacco do not need a monopoly. They can solve any problems that come up through excising or other fiscal methods.

The deputies' draft, despite their good intentions, has not been worked out well from the legal point of view. In that regard, the government draft is better. Therefore, one should combine the two in the most suitable one.

Krzysztof Wagrodzki, Manager, Tobacco Products Plant in Poznan

This draft is unacceptable from our point of view. It constitutes a return to a command economy. There is a tendency in the world to move away from the monopoly system. In the countries that have monopolies, this branch of industry is less profitable, its product quality is lower, and it is unable to compete with enterprises operating in a free market economy.

The draft law protects only the interests of the domestic tobacco producers. But the fact is that no one can regulate anything through an administrative decision. If we close our borders to the high quality tobacco and Western capital, the consumer will have to be satisfied again with ... the Popularne [brand of cigarettes]. Setting limits on the tobacco imports would prevent to keep up the quality of cigarettes made accordingly to foreign licenses.

Almost every state tobacco factory, except the one in Radom, by now has a foreign partner who is ready to bring in his capital. The monopoly law could hamper privatization. No modernization is possible without the influx of knowledge and capital. The Monopoly will not have enough money to invest. This will put the enterprises in a situation even worse than that in which they are now. All sides will lose.

Polish tobacco can only be used as a filler for the Polish cigarettes. I do not oppose the planting of Polish tobacco. Certain brands of it should be cultivated. However, the Polish climate is not conducive to achieving good results. Polish tobacco contains too much protein, which contributes to its unpleasant smell and taste.

Tadeusz Magier, Manager, Tobacco Industry Plants in Cracow

There is no way a monopoly of this type will regulate the market. To say the least, it will certainly not contribute to the development of the Polish tobacco industry. Between 92 and 98 percent of tobacco utilized in our plants is Polish, which we use to make the Popularne and Klubowe cigarettes. We use 24,000 tons of tobacco, that is, about 50 percent of all domestic production of this raw material. We import between 4,000 and 5,000 tons of tobacco because we cannot use Polish tobacco to make licensed cigarettes—Marlboros and LMs. We can add only small amounts of it. In the meantime, we conduct research on the broader use of Polish tobacco.

The state should secure its revenues through a proper policy. But one cannot apply rules from the previous system in one area. It is enough to leave the free market alone and it will regulate itself. On the other hand, an efficient system of revenue control should be established—the finance police, for example. Contraband ought to be combatted. But one can do this by enforcing excise, not by creating another central office. We have been through this before.

Another problem is that there is no coherent state policy with regard to the tobacco industry. An immediate privatization program is a necessity. As a state enterprise we pay a 65-percent turnover tax, a 40-percent revenue tax, as well as the dividend. We need about US\$200 million worth of investments in our plants. It has to be done quickly, otherwise the value of the enterprises will decrease.

Strategic Importance of Slavonski Brod Discussed
92BA1371C Zagreb NOVI VJESNIK in Serbo-Croatian
22 Aug 92 p 3

[Article by Fran Visnar: "Defense of National Security"]

[Text] Why is it that the inhabitants of Slavonski Brod must unfortunately continue to sit in basements in the middle of summer, to die or to be wounded? The Serbs are fiercely bombarding Slavonski Brod from the ground and from the air for two reasons. The first is purely military: In Belgrade, they feel that Slavonski Brod is the main supply depot from which Croatia is sending aid to the Sava Valley in Bosnia. Even a few months ago the Yugoslav Air Force was given orders that it must demolish the bridge between Slavonski Brod and Bosanski Brod (several times it has been hit by rocket shells and destructive 250-kg aerial bombs). Because these low-altitude air attacks have failed, and there also have been casualties (Croatian antiair defense has downed several Serbian aircraft), the Serbian artillery has taken over further "processing": Around the city and the zone around the bridge, it is firing from its long-range heavy guns (152- and 155-mm howitzers, 130-mm cannons), including multibarrel rocket launchers and surface-to-surface missiles.

The artillery certainly cannot completely destroy the bridge, but the Serbs have in mind hindering Croatian military activities considerably by an increased rate of fire, and then this would leave them a free hand to reinforce the mechanized-infantry offensive throughout the entire Sava Valley.

The Serbian air force continues to be active, to be sure, but now it is dropping its bombs more frequently on the city from high altitudes above the range of the Croatian antiair missiles and automatic cannons. In exceptional cases, the Serbian pilots decide on low-altitude hedgehopping only when they must get rid of napalm bombs, scattering them over the town and environs without any kind of logical military priority. Even if they do destroy the main bridge, the Serbs anticipate further complications. That is why their pilots and assault units have been drilled against a possible Croatian offensive over the Sava; then it is the task of Serbian aviation to quickly prevent any kind of pontoon bridges from being set up and to prevent the river from being forded.

The minimum rate of Serbian artillery showering Slavonski Brod with heavy-caliber shells (including the extremely dangerous subcaliber charges) is 100 rounds

per day. Tactical missile weapons (Luna-2/Frog-7 missiles) have been set up far from the city. From completely safe, well-camouflaged, and well-prepared positions, usually from a distance of 50 or 60 km, a battery with three launchers is on duty around the clock. The projectiles are fired one after another, and after the launch vehicles pull back to the standby position, at least one more warhead is fired.

At the same time, this combined bombardment is completely unselective, because the Serbs also want to achieve psychological and political effects. Slavonski Brod, according to the Serbian commanders, is to be "pacified with a hurricane of firepower," that is, they calculate in Belgrade, the eyes and questions of the people in Brod are to be constantly directed toward Zagreb—"For Lord's sake, what are you doing up there?"

But when all the arguments are weighed, the Croatian authorities can at this moment act in only two ways: Either to continue to patiently put up with these terrorist and treacherous blows and to vigorously demand of the United Nations that it establish a safe corridor along the route Slavonski Brod—Bosanski Brod—Sarajevo under international protection (something similar to the Split—Sarajevo highway) or that Croatia respond with everything it has and launch a counterattack. That is exactly what the Serbian general can hardly wait for—any major Croatian mobilization of fresh personnel, any major moves of artillery and ammunition closer to Slavonski Brod, opening of fire against Serbian positions across the Sava, or any deep penetration with troops (on the eve of the peace conference in London) would be used to renew the old thesis that "Croatia actually does not want peace at all."

It is evident that Slavonski Brod is the main Croatian strategic point, even more important than Vukovar was at one time, and it has the significance of, say, Jerusalem for the Israelis. If the Serbs should manage to realize their intentions of neutralizing Slavonski Brod, Bosanski Brod would be cut off, and, as the Serbian military commentators are remarking in front of the TV cameras (maliciously, but with a smile): "It would fall like a ripe pear." If it holds, however, and there is no reason to doubt that it will, Slavonski Brod will permanently threaten insecure and loose Serbian positions in the sections it has occupied in the Sava Valley in Bosnia, which again must never and at any cost become Serbian living space. The staunchness and coolheadedness of the people of Brod, in spite of all their trials, have vital importance to Croatian national security. The stakes are high and decisive in this game.

Minister on Infrastructure Reorganization*92BA1351A Ljubljana DELO in Slovene 17 Aug 92 p 3*

[Interview with Miha Jazbinsek, minister of environmental protection and land management, by Tonja Slokar; place and date not given: "Granting Concessions Only on the Basis of International Advertisements"]

[Text] *Minister Miha Jazbinsek explains the reasons for the slow appearance of the law on economic public services; ignorance and opposition in the government; consistent prevention of monopolies.*

Ljubljana, 16 Aug—Why did it take a full two years for the law on economic public services to emerge? Why was the Ministry of Environmental Protection and Land Management the one to prepare it? Did Minister Miha Jazbinsek really deliberately keep it in his own drawer? How does the law regulate investments by foreigners, and granting concessions to foreigners for the use of our water sources, roads, and other Slovene property? We talked about all this with the law's author, Miha Jazbinsek, minister of environmental protection and land management.

[Jazbinsek] In my opinion, there are three reasons for the slow appearance of the law: First of all the fact that there was virtually no one in Peterle's government to whom it was entirely clear what the public sector of the economic infrastructure even included. Previously this area was more or less regulated by material production SIS's [self-managing interest communities]. The government was primarily confused by the fact that in the world, private and state capital, monopoly and market, are constantly intertwined in these economic activities, and that is also why there is no clear dividing line between what is public and what is market, as there is, for instance, in social activities. That is why it was necessary to specify clearly in the law which material public goods should be ensured permanently and without interruption. The economic systems that deal with this have to take care of economic operation themselves, even though general economic laws do not apply to them. This, however, does not mean at all that with this law we have closed the door to private capital in these activities, and likewise the new law also requires extremely economic behavior from them, clearly specifying relations and jurisdictions among all three partners: the executors (public services), the consumers, and the state. It is precisely because the concepts of public services and state enterprises have been mixed up until now that Peterle's government, when it was putting together the first budget, also did not know how to distinguish between finances for the public sector and finances for the rest of the economy. It thus lumped together losses in the railroad and the ironworks, and money for investments in the economic infrastructure and for settling their losses. And it is because the previous government mostly did not understand what the public sector in the

economy was, or saw the law as a big bogeyman, that they were not too enthusiastic about preparing the law quickly.

[Slokar] This, however, was demonstrated precisely at the time of the strike by the energy workers and railroad workers.

[Jazbinsek] At the time of the railroad strike, the transportation minister immediately remembered that he lacked a law on economic public services. The former minister of energy, Dr. Tomsic, has now stated in a letter in DELO's last Saturday supplement that he lacked that law. These two ministers, to be sure, did not explicitly oppose passing this law, but they also did not fervently advocate it, because they were more inclined toward constantly regulating matters than toward changing the system. That is why I also think that they were the second objective reason for the delay in making the change indicated by the law.

The third reason lay in the confusion of the government itself over how to separate the jurisdictions between the local authorities, the opstinas, and the state. In my opinion, the opstina will never be so independent that the state should not invest in it, since it has to take care of communal services, which in any case still remain within its jurisdiction. The government even had conceptual confusion with respect to the intermingling of state-opstina relations.

[Slokar] Is it true that the law was also blocked by then Deputy Prime Minister Andrej Ocvirk on behalf of the oilmen?

[Jazbinsek] Resistance on his part could also be seen. In fact, we tried to change two things with the law. The former SIS's and other variations were supposed to be replaced by public services in different forms. Essentially, the new law also attacked monopolistic activities. On the other hand, in fact, the new law provides for nationalizing all infrastructural installations, and other parts of the present activities of special social significance are supposed to be either nationalized, i.e., given to the opstinas as public property, or sold to private individuals—if there is interest in this at all, of course. We had to proceed from a legal basis in nationalizing social property. Specifically, it could not be done merely on the basis of a vision of the future tasks of public services. What the public services will actually be will have to be designated by new agency laws, for energy, transportation, postal services, etc. Most of the activities that have been of special social significance until now will certainly be turned into public services. It is clear, however, that in the future coal mines will no longer be activities of special social significance. In the past they had that status only because of their links with the production chain, and that is why they were part of the energy SIS. The public services for energy will thus only be the distribution and transfer of energy. It is not clear yet what will happen with the electric power plants.

Communal activities will still experience the least changes, because their position has already been consolidated in the opstinas.

I anticipate, however, that in energy, postal services, transportation, and elsewhere there will be more public services than elsewhere in the world, since wherever it will not be possible to introduce competition, a public service will be justified. Slovenia's needs are relatively small. If there were only one oil importer in Slovenia, it would have a monopoly, regardless of whether it were organized as a public service or not. Since the oil market is already slowly opening up here, the supply of oil derivatives will not become a public service. Things will be more complicated with respect to gas and the gas pipeline. To be sure, it has elements of an activity of special social significance, but the gas pipeline was built primarily by gas consumers.

[Slokar] Where will decisions actually be made in public services? Will it be the state, or enterprise directors?

[Jazbinsek] The Celovec mayor, for instance, is the general director of all the Celovec communal operations. Under him is a directorate, which includes only technical and financial directors, and thus, for instance, the director of the Celovec electric power plant only signs travel orders. Here, however, under the mayor there is a president of the government, under him there is also a communal minister, at one time there was also an SIS under him, and all the way at the bottom was the enterprise director. Now we have only lost the SIS. Decisionmaking will therefore have to be thoroughly streamlined. There is also a similar dispersion of decisionmaking at the republic level.

[Slokar] Why was this law even prepared by your ministry?

[Jazbinsek] Whereas preparation of the law on social activities was encouraged by Deputy Prime Minister Matija Malesic, there was no minister in the government who was particularly responsible for systemic regulation of the economic infrastructure. Since there are about 90 communal enterprises under my ministry's jurisdiction, the shortcomings in them bothered me. Our ministry thus began to write a communal law, but at the same time there was no legal basis for regulating public services for environmental protection, which is also under our jurisdiction. This means that our ministry was forced to undertake systemic regulation of about three-fourths of the economic infrastructure. New Deputy Prime Minister Rigelnik was actually the first one to be aware of the need to restructure the economic public sector.

[Slokar] There has also been a great deal of bad blood already in connection with granting concessions to foreigners. How does the new law regulate that?

[Jazbinsek] The law establishes order in acquiring concessions. The concession document is the basis for a public advertisement. In the past we have done this to a

great extent among domestic persons, through allocation. For instance, the prime minister decided at one time himself who would build electric power plants on the Sava, and the "lucky one" already obtained a concession for use of the location at which he could build an electric power plant. He thus ensured a secure future for himself and also for several other economic companies of his, and in doing so, of course, it was not even necessary for him to have offered the best terms. He could even extort things. Similar mixups also occurred with the recently planned construction of six new power plants on the Sava together with Austria. The procurement of capital investment bids on the Sava has been suspended now, because it is necessary to wait for a law on the basis of which an international competition can be announced. Furthermore, it will also be necessary to decide whose foreign capital will even be let into Slovenia.

Croatian Protectionism Hinders Adria Airways

92BA1351B Ljubljana DELO in Slovene 21 Aug 92 p 4

[Article by Ljiljana Deric: "Croatian Airlines Under a Glass Bell and Adria Airways at Home"]

[Text] *An air war or just a disagreement with Croatia? From illusions about a joint airline with Croatia to two Adria Airways flights a week to our neighbors; complications over carrying UNPROFOR [UN Protective Force] soldiers; the Macedonians are much more favorably inclined toward the Slovene air carrier.*

Ljubljana, 20 Aug—Everything indicates that Slovenia's economic relations with Croatia will be much harder to arrange for our mutual benefit than we in Slovenia desired and expected. There are obstacles in the flow of goods, complications over fishing and other things, and also in air transportation, Adria Airways' expectations of having more of a presence in Croatia have not been fulfilled. The ambitious plans of establishing a joint airline with the Croats were already flattened some time ago, and the most that Adria Airways has been able to gain in Croatia so far is two flights a week.

Croatia has decided to build up its own airline, Croatia Airlines, which after the cancellation of the aircraft leasing contract with Adria Airways (Adria Airways cancelled the contract when the war in Croatia started) bought three Boeing-737-200 airplanes (these are airplanes about 10 years old). Of course, this is not the kind of fleet that could substitute for the airplanes that almost continuously carried tourists to the Croatian coast last year during the summer season. Tourists' interest, however, has also declined a great deal because of the war.

In spite of this, according to Adria Airways commercial director Peter Grasek, many people have nevertheless wanted to spend their vacations on the Croatian islands, and Adria Airways and Kompas still hoped this spring that during the summer months they would organize a lot of flights to Split and Pulj. The Slovene side thus, as Peter Grasek states, proposed to the Croats back in the

spring that a bilateral agreement be signed on air transportation. The Croats, however, insisted that both countries' national carriers agree on this first.

Adria Airways strove in vain to be allowed daily flights to Croatia. A full month ago, it agreed with Croatia Airlines on a compromise solution, two flights a week, and on 12 August an official letter came from the Croatian transportation minister, approving two flights to Croatia a week for Adria Airways, according to Jernej Kosmac of the Slovene Flight Control Administration.

It is also unclear what will happen in the future with Adria Airways' charter flights for UNPROFOR. A complication occurred at the beginning of August, when the Croatian Transportation Ministry permitted Adria Airways flights from Zagreb to Lahr (this was for transporting Canadian soldiers to that Canadian base in Germany), but four days it received a facsimile message from the Zagreb airport on the cancellation of that permission. The group of Canadian soldiers in UNPROFOR thus had to be brought by buses to Ljubljana, and only from there to Lahr by plane.

A few days ago UNPROFOR again asked Adria Airways to transport Canadian soldiers on the Lahr-Zagreb route. Today Adria Airways sent Croatia a letter in which it asked the Transportation Ministry to explain to it the correct procedure for obtaining permission for the transportation for UNPROFOR, so that unpleasant "administrative and technical" complications would not happen again, according to Drago Veber from the charter flights

department at Adria Airways. In this regard he added that UNPROFOR prefers to order transportation from Adria Airways because it needs an aircraft with 167 seats, which Croatia Airlines does not have, whereas Adria Airways can offer its Airbus 320. Since the Canadian soldiers already have to be brought by bus from Daruvar to Zagreb, they would of course prefer to get on the plane in Zagreb instead of having to continue to travel by bus to the Ljubljana airport.

It will thus be seen shortly whether there was only a disagreement with respect to the air transportation of the Canadian soldiers, or whether the Croats are protecting their young airline even more than necessary.

It is completely clear that Adria Airways' airplanes will not be able to fly across the Croatian sky as much as they used to anymore, and that the Slovene air carrier will have a lot of unused planes because of this.

In any case, our national carrier undoubtedly has excessive capacity for the present situation, and since recently it has been extremely difficult to sell aircraft at reasonable prices on the world market, Adria Airways appears to be intensively seeking new markets. For the time being, its airplanes fly to Skopje every day and from there to Switzerland and Germany, it has leased two airplanes to one of the British airlines and one to a French airline, and until recently one Adria Airways airplane was likewise flying in the Dutch Antilles; now deals with the Egyptians and Iranians are also being planned.

UN Sanctions Result in Trade Decline

92BA1380A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 24 Aug 92 pp 12-14

[Article by P. Ursic: "Foreign Trade: Effects of the Sanctions"]

[Text] In spite of the Rome sanctions of the EC and those more all-inclusive sanctions of the UN Security Council, in the first seven months of this year Serbian and Montenegrin exporters have managed to achieve exports of 50 billion dinars, which in nominal terms is almost 10-fold more than in the same period last year. A further examination of the recent press release of the Federal Bureau of Statistics, which includes the datum that goods worth 18 billion dinars were exported during July alone, which is 16-fold more than last July, might make it possible to continue the foreign trade report from the FRY [Federal Republic of Yugoslavia] in rosy terms—altogether in keeping with the mood of the officials of its federal units. However, the picture changes completely if a different monetary indicator of this year's trade of the FRY is taken instead of the dinar scrip from Topcider.

For instance, in dollar terms, the performance of domestic exporters is \$1,909 million, 35 percent below last year. The token July exports of only \$119 million, which is only one-fourth of the value of the export package shipped in July 1991, signals that this is a declining trend. At the same time, import activity has been sputtering at a somewhat slower rate. Imports amounted to about \$3 billion up through the end of July, 14 percent below last year, while July's imports of \$119 million represent only 38 percent of the value of imports during the same month of last year. If we break down further the aggregate indicator, which is already rather discouraging for a country with a labor force of over two and a half million, we arrive at the kind of figures that the entire Montenegrin economy realized only \$1 million on the foreign market in July, at the same time recording a trade deficit of \$8 million, and in the year so far it has exported goods worth \$83 million and imported \$138 million (see table). Serbia, as the largest constituent of the FRY, has exported goods worth only \$1,798 million so far this year, which is 36 percent less than over the same period of 1991, which was also a regressive year.

FRY Foreign Trade 1 Jan-31 Jul 1992 (in millions of dollars)

	Exports	Imports
Exports and Imports by Groups of Countries		
Advanced countries	1,049	1,698
Developing countries	224	280
East European countries	839	64

Exports and Imports by Republics and Provinces

Montenegro	83	138
Central Serbia	1,306	1,825
Vojvodina	454	842
Kosovo and Metohija	38	39
Federal state	29	70

Exports and Imports by Economic Purposes

Production supplies	1,132	2,111
Capital goods	176	431
Consumer goods	601	470
Total	1,909	3,012

To be sure, the physical volume of foreign trade dropped off to a somewhat smaller degree because the value is based on the index of average export prices in the first six months of last year (see table). The fact that the aggregate index of the unit value of imports dropped by the same 4 percent cannot be considered sufficient compensation for the drop in export prices, because the traditionally weak "coverage" of imports by exports was additionally reduced by some 20 percentage points to this year's 63 percent. The less-than-modest export results, however, do not make the absolute amount of the trade deficit disturbing.

Mindful, that is, that the total international blockade began in late July, we can say that the records on foreign trade for the last two months cover only the value of export deliveries which were in the pipeline at the moment the blockade was put in place (at differing times for differing countries), and imported goods which at that time were en route to the FRY or in customs warehouses waiting for customs clearance or paperwork, considerably later. "Accordingly," says a document of the PKJ [Economic Chamber of Yugoslavia] entitled "State of the FRY Economy and Possible Ways of Mitigating the Adverse Effect of the External Sanctions and Blockade," "it can be said that when the sanctions were fully applied, there were no exports and imports."

Nor will there be any officially, one might add without major reservations, excluding the doubly motivated entreaty of the federal prime minister that raw materials essential to pharmaceutical producers be exempted from the embargo and greater expeditiousness in delivery of medical equipment and supplies. Judging by the lack of concern with which domestic producers are paying unearned salaries which have fantastic nominal values and inversely proportional real values, the dinar mentality of the dinar monetary region is not being greatly shaken by the fact that all export activity is dying. The share of the metals complex, the backbone of the export sector, dropped from last year's 28.2 percent of total exports to 21.8 percent in the first half of this year. The share of the textile industry, which was one-fifth, has this year dropped to 13 percent, and the production of finished textile products recorded a drop of 48 percent in its exports, and the production of yarns and fabrics dropped all of 60 percent. There is a significant drop of exports in the chemical industry as well, the forest

products complex, and the production of leather, furs, leather footwear, and clothing accessories. The fact that about 20 other business categories did not record any drastic drop of exports is not consoling in the least, because they have a marginal share anyway in total exports (less than 1 percent), because "they do not possess sufficient commodity stocks of a quality that would be competitive on the world market, even if we were not subject to the UN sanctions," as this was stated with sufficient clarity by the PKJ. Exports were up only for products of agriculture and fishing—from last year's 1.6-percent share in total exports to this year's 8.7 percent, while products of the tobacco industry went up 4.1 percent.

The instability in the supply of basic foodstuffs and the current cigarette shortage indicate the price being paid for the less-than-modest export earnings. However, the virtual docility which the domestic consumer displays when the list of basic consumer goods is reduced to a shamefully small number of items does not make a protest of the consumer side of the dinar variant of the industrial homo duplex a bit more certain than the different reaction of his production component to the dinar illusionism of domestic politicians. There is evidence of this in the continuity over several months of the restructuring of the import contingent in the direction of ever greater displacement of consumer goods and capital goods so that what little foreign exchange is available is used to purchase production supplies.

The value of capital goods and consumer goods imported up to August this year amounts to only 30 percent of the value of imported production supplies (see the table), which is barely half of the 58 percent recorded in the first half of 1991. And the extent of the domestic economy's dependence on imports of raw materials and production supplies is perhaps best illustrated by the datum that agriculture alone, the established hope of the entire domestic economy, needs at least \$300 million a year to import a broad range of necessary inputs. The symptoms of dependence are even more serious when it comes to the textile industry. In short, the impossibility of importing raw materials and production supplies will not only prevent the loudly announced campaign for substitution of scarce foreign products, but also the production of those articles which for years have been in the production programs of domestic producers. Still more concisely, extinguishing export-import activities means that the entire economic organism is in a coma.

That makes it all the more difficult to rejoice that the bilateral payment system of trade has been abolished and the trend is for Yugoexporters to reorient toward the markets of the Western countries (55-percent share) and the above-average rate of decline of imports from those areas (20.5 percent compared to last year's 13.3-percent decline of imports). On the contrary, these are the countries that were the instigators, then the most nimble implementers, and the most hard-bitten advocates of the economic blockade in place. Much more than that, this change "would be constructive from the standpoint of collection for goods exported, but at the same time hard to maintain from the

standpoint of the competitiveness of our goods; this affects the average price level achieved, because prices are considerably lower than, say, on the markets of the developing countries or East European countries," to quote from the text of the PKJ. In other words, if by some miracle the international community were to remove the sanctions, the domestic economy, especially its most vital exporting segment, would be fiercely sanctioned by international standards of quality, which will become particularly rigorous in the EC as early as 1 January of next year. The enthusiasm of domestic businessmen at the discovery of (anti)dumping mechanisms at the February special-topic conference of the PKJ can hardly be called an alternative to normalization of overall relations with the former republics of the SFRY, but also with the rest of the world. Instead of formulating an original conclusion, we will use the one already published by the Association of Managers of Serbia and Yugoslavia: "The economic blockade of Serbia and Montenegro, which has isolated us from the rest of the world, represents only the final blow to an economy that has been in a critical state for a long time now, gravely wounded by hyperinflation, disintegration of the market, slow transformation of ownership, and poor economic policy conducted without clear ideas and objectives. The sanctions are a kind of alibi for the failures of the past."

**Index Numbers of Average Foreign Trade Prices
by the Economic Purpose of Products
(Jan-Jun 1992/Jan-Jun 1991)**

	Exports	Imports
Total	96	96
Production supplies	92	94
Raw materials and intermediate products	89	95
Motor fuels	85	83
Finished production supplies	97	101
Machines and equipment	120	100
Prime movers	90	114
Agricultural machines	98	122
Other machines and equipment	116	103
Electric motors and other electrical devices	85	100
Transportation equipment	120	97
Other capital goods	128	100
Consumer goods	102	104
Food	106	93
Beverages and tobacco	98	102
Clothing and footwear	96	98
Furniture	115	107
Textiles (except clothing)	84	116
Other	88	117

Source: Federal Bureau of Statistics

Economic Fallout of UN Sanctions Reported

92BA1380B Belgrade *EKONOMSKA POLITIKA*
in Serbo-Croatian 24 Aug 92 pp 21-22

[Article by Tomislav Dumezic: "A State Resembling Noah's Ark"]

[Text] The economy of the former Yugoslavia, viewed as a whole, was unprofitable (it operated at a net loss from 1988 to 1991), it was pronouncedly dependent on imports, and at the same time it was mainly shut off from foreign competition, with the exception of brief periods, especially the one from the end of 1989 to the beginning of 1991. The low level of development of the economy of the former Yugoslavia and its relatively high exclusiveness are illustrated by the following figures, which pertain to 1989. The value of Yugoslav exports was \$13 billion, that of Austria—\$32 billion, Bulgaria—\$16 billion, Denmark—\$28 billion, Holland—\$108 billion, Spain—\$44 billion, Switzerland—\$52 billion, and so on.

The economy of Serbia and Montenegro (the present FRY [Federal Republic of Yugoslavia]) had the same characteristics, only still more pronounced. The net loss was relatively larger (the share of these two republics in the net loss of the economy of the SFRY was more than 10 percent greater than their share in income earned), while the share of foreign trade was considerably smaller. The share of Serbia and Montenegro in the former SFRY is illustrated by the following figures: Their share of the population was 44 percent, their share of the social product—40 percent, of industrial output—39 percent, of exports—31 percent, and of imports—34 percent. This year, the relative economic position of Serbia and Montenegro is deteriorating, and that also applies to the first half of the year, when the measures of the economic blockade were not in force. Industrial production is continuing to drop, as is the volume of foreign trade. Over the first seven months of this year, total exports from FR Yugoslavia were \$1.9 billion (more than \$1 billion less than achieved in the same period of last year), and imports—\$3 billion, so that the trade deficit reached \$1.1 billion.

Production and Trade

Industrial production is dropping with each passing month. Over the period January-July of this year, it was down 14.5 percent from the same period of last year. When we bear in mind the fact that industrial production dropped off drastically in 1991 as compared to 1990 (which also was considerably below 1989), we get the real picture of drastic reduction of economic activity in this area.

Industrial output in July was down 28.8 percent from June and all of 35.6 percent from the same month of last year. Compared to average monthly production last year, industrial output in July was off 43.7 percent.

Viewed regionally, industrial output has been dropping most in Vojvodina. This July it was down 43.1 percent from last July and 39.8 percent from the previous month, and all of 52.8 percent from the average monthly output during last year. The drop in industrial production was smallest in Montenegro, where production over the period January-July of this year was down 12.5 percent from the same period of last year.

Industrial production on the territory of FR Yugoslavia in 1989 was all of 37 percent higher than in 1991. It follows that the drop in industrial production has been drastic up through last year. That ruinous trend is continuing this year as well. When 1989 industrial output is compared to 1991, we come to the conclusion that there is an essential difference in the position of various industrial groupings and enterprises. This is demonstrated by these figures: Production in 1989 was 41 percent larger than in 1991 for petroleum products, 44 percent larger for ferrous metallurgy, 53 percent larger for the processing of nonferrous metals, 133 percent greater for the production of nonmetallic minerals, 108 percent greater in machinebuilding, 129 percent greater in shipbuilding, 80 percent greater in the production of electrical machines and appliances, also 87 percent in the production of transportation equipment, 55 percent for the production of textile yarns and fabrics, 67 percent for the production of leather and furs, and so on. In 1991, production was higher only for crude petroleum and gas (2 percent), beverages (3 percent), and tobacco production and processing (10 percent).

Production in activities where a drastic drop occurred last year is dropping again in 1992.

During the first five months of this year, 39,000 metric tons of iron castings were produced, while in the same period of last year production was 45,000 tons. Within metal manufacturing, there has been an essential drop in the production of metal fabrications, metal kitchen- and tableware, nonfriction bearings, and other products. Machinebuilding has been recording a drastic reduction. The production of construction machines was about 21,000 tons in 1990, about 13,000 tons in 1991, and only 3,600 tons over the period January-May of this year.

The production of metalworking and woodworking machines is down by approximately the same proportion, while the greatest drop was in the production of machines for industry: from 5,100 tons in 1990 to 1,600 tons in 1991 and only 435 tons over the period January-May of this year. Production of transportation equipment is also falling off drastically; this applies to railroad freight cars, engines for highway vehicles, and especially passenger automobiles, where total output over the period January-May of this year was 10,850 units.

Parallel to the reduction of industrial production, the volume of activity is dropping in other activities as well, especially in construction, transportation, and trade. Over the period January-May of this year, the drop in the volume of construction activity in terms of hours worked

was 11 percent, in terms of workers employed the drop was 13 percent over the same period of last year. There was a similar drop in the transportation sector, which last year as well essentially diminished the volume of services as compared to 1990.

The drop in production had an effect on the decline in the volume of trade. Over the period January-May of this year, retail trade in constant prices was down 37.1 percent from the same period of last year. Trade in hostelry was also down—31.8 percent. It is significant that the volume of trade is dropping with each passing month, and this especially applies to retail trade: Trade in January was down 18.5 percent from the average monthly turnover last year, in February it was down 33.3 percent, in March—29.3 percent, in April—31.8 percent, and in May—all of 43.4 percent.

The ruination of the economy is having a direct impact on the volume and quality of foreign trade. Over the period January-July of this year, total exports amounted to \$1,909 million, which is 35.3 percent of the results for the same period of last year. Total imports were \$3,012 million, which is a drop of only 13.3 percent. The trade deficit grew considerably because of these relations in foreign trade. Over the period January-July of last year, it amounted to \$524 million, but over the same period of this year the trade deficit was \$1,103 million.

Prices and Wages

The drop in the volume of economic activity has been accompanied by galloping inflation. This is a consequence of the markedly expansive monetary policy being conducted in order to maintain social peace, to finance the government and social services regardless of real revenues, to finance the war, etc. If average producer prices of industrial products in 1991 are taken as 100, June prices had reached the amount of 3,942, which means that they increased about 39-fold. The increase is about 100-fold over June 1990. Similar relations have occurred in the movement of retail prices. The retail price index rose from 61 in January of last year to 3,290, which means that it increased about 50-fold in a period of 18 months.

Parallel to the rise of inflation, nominal personal incomes have also been increasing, but considerably more slowly. A continuous drop in real wages has therefore been evident. The movement of wages in German marks is illustrated by the figures below:

	German Marks
June 1990	490
July 1990	571
November 1990	801
December 1990	839
June 1991	325
May 1992	68
June 1992	68
July 1992 (estimate)	50

Realistic relations between production and consumption were established in mid-1990. In that period, there was practically no inflation, and foreign exchange reserves amounted to \$8-9 billion. Wages and salaries were not realistic in November and December. They exceeded capabilities and the productivity achieved, and they were financed mainly from primary note issue, which ceased to be moderately restrictive. It follows that the average wage of about 500 German marks [DM] was realistic and at that level balance was established between production and consumption and also between exports and imports. From mid-1990 to mid-1992, the average wage dropped almost 90 percent. This is a consequence of the reduced production and foreign trade, but also of changes in the structure of consumption. In that period, there was an essential increase in nonproductive consumption, primarily in order to finance expenditures for war and to purchase social peace. That is precisely why a drastic drop later occurred in real wages and salaries on the territory of FR Yugoslavia.

Production is continuing to drop, as is the volume of foreign trade. The prospects are for an almost complete closing of the market, primarily because of the effect of the measures of the economic blockade. Under those conditions, wage reductions will continue to be inevitable. The question is whether there is a tolerance limit, that is, whether a further drop in earnings will evoke a display of mass social dissatisfaction, or whether this will temporarily be followed by an almost complete suspension of money and the transition to general distribution of only the basic foodstuffs?

Qualitative Changes

The reform in 1990 indisputably helped to reduce the volume of production, especially in industry. We should observe, however, that the policy of an open economy had begun to contribute not only in terms of normal supply of the market, but also in terms of structural changes in the economy as well as in industry. Last year, the reform was entirely abandoned, but the drop of production was not halted; on the contrary, it accelerated. This is a consequence of the loss of markets on the space of the former Yugoslavia, but also because the economy is shut off from abroad and the economic independence of a large number of economic entities has for all practical purposes been abolished. Large enterprises have as a practical matter been transformed into budget-financed institutions once again. Their production has come to a halt, or has dropped off essentially, while the size of their labor force has remained by and large the same. All employees are receiving wages and salaries, of course, not from income realized by selling products, but from credits financed from note issue. The measures of the blockade have helped to increase the number of enterprises being supported from primary note issue. The prospect is that socially owned enterprises in almost all economic activities will become

budget-financed institutions. Firms in the retail food trade and enterprises rendering services to individuals might be an exception.

In addition to the reduction of markets, the drop in production will be brought about more and more by the shortage of raw materials and supplies, parts, and assemblies. Also, the pressure of the immense number of redundant employees must have an impact both toward the drop of production and also the decline in the quality of products and services. The result is increasingly expensive production of products of declining quality in a narrower assortment. The figures given on the trend of production by industrial branches and product groupings show the immediate future that lies ahead for certain industrial activities. There are, of course, exceptions as well. Provided maintenance of capacity and equipment is assured, there should be no considerable drop in the production of electric power, coal, petroleum, ores of nonferrous metals and nonferrous metals, the production of building materials, etc.

The drop in production and in the quality of products and services has been accompanied by unfavorable qualitative changes within the firms themselves. This applies to the organization, distribution, marketing, but also ownership relations. The rudimentary beginnings of transformation of social ownership to private ownership have practically disappeared. A large number of joint-stock companies transformed under the federal law on social capital are now socially owned enterprises once again, with a symbolic share of capital of shareholders in total authorized capital. A number of transformations of large enterprises carried out under the sponsorship and at the dictate of the government in practical terms signify transformation of socially owned enterprises into state-owned enterprises. Real money has not been used here—the transformation was carried out by turning credit into the permanent share or into share capital, and the share of government funds in the capital of the firm has been furnished from primary note issue.

Neither ownership changes nor structural changes can occur before the war ends and normal political and economic relations are brought about both within the country and also relative to the former Yugoslav republics and other countries. That process will certainly occur. The question is whether the concept of a closed economy or the concept of an open economy will prevail after the war? In the former case, what follows will be a further process of statization and stagnation in the economy with a marginal private sector and insignificant foreign capital, and here investments will primarily be based on corruption. In the latter case, the opportunity would be opened up for normalization of the economy and for its development. However, we are talking about a lengthy process, and in view of what has happened, there will be a wait before the results are forthcoming.

Breakdown of FRY Oil Industry Expected

92BA1380C Belgrade *EKONOMSKA POLITIKA*
in Serbo-Croatian 24 Aug 92 pp 25-26

[Article by Dragan Nedeljkovic: "The Second Oil Pipeline Has Also Been Shut Off"]

[Text] Ration coupons for gasoline, long lines at the gas pump, and increasingly frequent shortages of petroleum products in the FRY [Federal Republic of Yugoslavia] may in a few months seem like a real El Dorado. The greatly reduced traffic, factory and construction machine shutdown, and diverse improvisations to carry out the harvest and planting in agriculture will probably seem like trifles this winter when workplaces and residences have to be heated. These ominous forecasts have already been made by Douglas Hogg, British state secretary, when he said that "life in Serbia will be rather uncomfortable this winter" and when he announced a tightening of the sanctions against Serbia and Montenegro by tighter enforcement of their application. If one is to believe the foreign press, Hogg made this kind of statement following his return from Belgrade, where President Slobodan Milosevic "guilelessly boasted" to him that Serbia has enough petroleum and that the Serbs in Bosnia are continuing to be supplied with petroleum products without hindrance.

A month before this statement Borivoje Petrovic, vice president of the Serbian Assembly, said that the embargo against imports of petroleum and petroleum products is not being strictly respected, and he even named the seaports and routes through which petroleum is arriving, and the official spokesman of the Serbian and new Yugoslav government have been persistently declaring that there will be a sufficient supply of petroleum products. They have even specified that fuel will be guaranteed for agriculture (when the report arrives from some region that there is no fuel, this is justified in terms of inadequate organization and distribution problems), that the ration coupons for petroleum products are "covered" and that everything has been prepared for the heating season. While official optimism is being spread around, public charges are being made more and more frequently by "resourceful people," above all private firms, through which certain quantities of petroleum products are arriving in spite of the embargo, to the effect that the administration is slow and complicated.

In addition to the high taxes and administrative fees, the inadequate official prices, and the "black market" for petroleum products, administrative procedure (not to mention the percentages that go for "lubrication") lasts a long time and often prevents "deals" or causes damage.

Every disruption on the market results in smuggling, every embargo is violated and breached in some way, but it is presumably clear that the situation cannot be stabilized in this way and that these quantities are marginal. If there were no shortages and ration coupons, for that matter, if the embargo had not been introduced, there would be no smuggling and black market. In spite

of external pressures and the announced tightening of the embargo, it is difficult to make forecasts—especially because everything depends on how long the sanctions last. If the conference in London results in a removal of the embargo, the energy situation changes fundamentally, especially concerning petroleum, petroleum products, and natural gas. Although even in that case we should not have illusions that everything will be quickly returned to a normal state.

Under present circumstances, however, it is worth looking at the facts such as they are and making preparations. It is self-evident that the official figures on quantities of petroleum and petroleum products, on consumption, on imports, and on reserves have become a state secret since the embargo was introduced. It makes sense to speak about the quantities budgeted for the entire year, which are well-known and accessible, and about possible achievement before the embargo was introduced. What the petroleum industry in Serbia has put up with in the last year would not have been withstood even by considerably larger and richer oil companies anywhere in the world. A year ago, the oil pipeline was turned off because of the war in Croatia, the only pipeline by which the refineries in Novi Sad and Pancevo can obtain imported petroleum. Without going into all the ins and outs of the oil pipeline here, beginning with investment in construction and ending with the unwise connection of refineries to just one faucet, it is worth recalling that a second "oil pipeline on the Danube" was created at enormous expenditure of effort and considerable investment. It still was not in smooth operation when the embargo shut it off—ships of the JRB [Yugoslav River Shipping Firm] are again without work, and the refineries do not have imported petroleum. If we add that in the meantime the petroleum industry was nationalized without a dinar of compensation, that the government has stubbornly held noneconomic prices, allegedly to protect industry from excessively high costs, to protect the standard of living of the population, and to hold back inflation (utterly unsuccessfully), it becomes clear what kind of financial stress the petroleum industry has experienced.

Petroleum Consumption by Republics in 1992
(in percentage)

Serbia	45.0
Bosnia-Herzegovina	9.4
Montenegro	3.5
Croatia	20.7
Macedonia	8.0
Slovenia	13.5

Gas Consumption by Republics in 1992
(in percentage)

Serbia	44.6
Bosnia-Herzegovina	10.9
Montenegro	0.8
Croatia	29.9
Macedonia	0.8
Slovenia	14.6

Yet if we stick to the balances, it is not difficult to establish how close Douglas Hogg's threats were to the truth. (According to the statistics, production of petroleum and natural gas in FR Yugoslavia is among the rare indicators recording a growth this year. Statistics, however, are merciless: The production estimated for the entire year is 1.2 million metric tons, and the needs, according to some budget pieced together, are 5.2 million tons. Imports were supposed to furnish 3.3 million tons of crude petroleum and one million tons of petroleum products.) Difficulties of a political nature cropped up even in compiling the balance: Should the need include quantities needed by the krajinas in Croatia and the Serbian oblasts in Bosnia-Herzegovina (which have no other source of supply) or should we stick to consumption on the territory of FR Yugoslavia? Which accounts for the differing quantities of needs which have been heard, but it is wiser to stick with the official data and ignore politics. In the case of natural gas, the situation is still less favorable than for crude petroleum and petroleum products—domestic production is estimated at less than 700 million cubic meters, needs at almost 3,000.3 million, and imports—3,000.6 million cubic meters. Domestic petroleum production is covering only one-fourth of the needs, and natural gas production only one-fifth.

Reduced to an average workday, the total needs of consumers in FR Yugoslavia amount to 2,000 tons of motor gasoline, the same amount of primary gasoline, 5,000 tons of diesel fuel, 4,400 tons of heavy fuel oil, 1,000 tons of liquefied gas, and 600 tons of other petroleum products. Under normal conditions, then, 15,000 tons of petroleum products are consumed daily. From daily production, by refining petroleum with the technology the refineries possess, it is possible to obtain 34,800 tons of petroleum products daily.

Imported petroleum and petroleum products ought to cover 11,200 tons. If imports are cut in half, the total supply is reduced to 9,400 tons, approximately 60 percent of the needs; if there are no imports, the supply drops to 25 percent. Unofficially, it is being said that the rate of import of petroleum and petroleum products and natural gas had speeded up before the sanctions were introduced, although even these rather doubtful figures cannot have any substantial impact on realization of the annual budget.

If the petroleum situation is examined disinterestedly, in spite of the optimism of officials and the resourcefulness of the smaller firms, we should soon expect to see quite serious disruptions. From the imbalance between the coupons issued and the amounts supplied (is a smaller ration the way out) by way of drastic price increases, all the way to problems for the season of fall fieldwork in agriculture and the winter heating season. People in the petroleum industry, exposed to the odium of consumers, are proposing to the authorities that they establish an

order of priority among consumer groups, that is, a priority for supply of industry, institutional consumption, and residential consumption and public consumption.

The regulation would have to determine which types of industry can obtain petroleum products because of their technological processes and the interests of the entire economy, which institutions can obtain energy (the health service, the schools), and which can be left without energy when there is not enough. So far, the officials have not reacted to these proposals, which does not mean that they are not preparing these and other measures to somehow maintain and control supply.

Given the situation of all the republics of the former Yugoslav state, it is certainly mere dreaming to believe today that normal relations and cooperation will be reestablished rapidly and effectively. In the sector of petroleum and petroleum products, imports, transportation, and distribution, the picture would alter drastically in that case, and if one is to work on how each republic stands, what it has left, and what it possesses, it would be relevant to give the energy balance drawn up for this year—which was never adopted. This year, Bosnia-Herzegovina was supposed to get 1.25 million tons of crude petroleum, all of which was to be imported and refined at the Bosanski Brod refinery. Montenegrin needs were estimated at 400 million tons, again all of it imported, and refining would be done as a service in one of the refineries (this region has been supplied for decades by INA, that is, the refinery in Rijeka). Needs in Croatia were estimated at 2.76 million tons, 2.4 million tons of which would come from its own production, and imports would be 359,000 tons; all of that would be refined in the Rijeka and Sisak refineries, except that these refineries would also be able to use their capacity for the other republics and service refining for foreign countries. Macedonia was to get 1.2 million tons, all of it imported, and it was to be refined in the refinery in Skopje. For Serbia, production was estimated at 1.3 million tons, imports at slightly less than five million, and total needs—6.3 million tons. Refining was to be in the Pancevo and Novi Sad refineries. Slovenia needed 1.8 million tons, all of it imported, a small portion to be refined in Lendava and the rest in INA.

This global picture from the beginning of the year has undergone considerable changes in reality. Only Croatia and Serbia have their own petroleum production, but in Croatia all the oil fields are not in operation for well-known reasons. The level of satisfaction of the need from internal production varies greatly. According to the reports coming in, the situation with supply also differs drastically—in Croatia, there is a surplus of petroleum products, imports of crude petroleum have increased, but consumption has dropped off. Ways are being explored for increasing sales, thought is being given to opening their own gas stations in Austria and other countries, Bosnia is being offered exchange of petroleum

products for certain amounts of electric power, and they are hopefully expecting foreign tourists to be consumers.

Slovenia, it seems, has regular supply, but at the beginning of the year there were still problems with service refining in certain refineries—more favorable bids were invited for refining costs than those offered by the refineries of INA. There is no point in even talking seriously about supply in Bosnia-Herzegovina. Disruption is complete, there has been a breakdown of the entire system, from the damaged (perhaps even destroyed) refinery in Bosanski Brod to gasoline stations and storage facilities. Siphoning, theft, and smuggling are the only ways of obtaining petroleum products, and under those conditions there is really no point in talking about recorded quantities, statistics, or the market. Montenegro is having difficulties, more serious than the public is being told, although some petroleum products are being obtained through illegal channels. It seems, according to foreign sources, that a sudden rise in consumption is being recorded in Macedonia, supply is more or less regular, and the recorded growth is interpreted as "transit" through this republic to regions with shortages.

Among the refineries, Rijeka is undamaged, although it is underutilized; Sisak is damaged, the refinery in Novi Sad lacks raw materials, the one in Pancevo operates if it obtains petroleum, the Bosanski Brod refinery, as we have already said, is standing idle, and in Skopje the refinery is operating up to its abilities to purchase petroleum. The former energy system for petroleum and gas has been completely disrupted, and there are no prospects in sight for it to function. It remains to be seen what this will mean to the petroleum industry, to the enterprises which produce, refine, and distribute petroleum and petroleum products, and what it will mean for consumers and states.

Background of 'Ethnic Cleansing' Described

92BA1366A Paris LE MONDE in French 31 Aug 92
pp 1, 3

[Article by Florence Hartmann: "The Genesis of Ethnic Cleansing"]

[Text] *This sinister doctrine—which was previously preached during World War II—has been "adapted" by the current president of the "new Yugoslavia," Mr. Cosic.*

Belgrade—"Purification," "purging," "ethnic cleansing": three different terms to describe a concept that we thought had been banished from the modern world but that have reappeared on European soil, "only two hours flying time from our beaches," in the former Yugoslavia. Which formula should be chosen? By firmly condemning this practice—in Resolution 771 of its Security Council—the UN has in a sense authenticated the expression "ethnic cleansing." But the approved terms in the other languages of the UN—"cleansing" in English, "purification" [*depuracion*] in Spanish—often lead the diplomats to prefer "purification" or "cleansing."

What the Serbs—the principal objects of this condemnation—call *etnicko ciscenje* is in fact translated literally as “ethnic cleansing.” In order to avoid openly endorsing this idea and making it an official doctrine, they do not use it in public except to accuse the other side—just as the Croats and Muslims use it in denouncing the murders, internment of civilians in camps, expulsions, and seizures of property carried out against the members of their respective communities established in the areas controlled by the Serbs.

According to the Belgrade historian Andrej Mitrovic, the concept of “ethnic cleansing” and the policy deriving therefrom made their appearance in the region during World War II under the pro-Nazi regime of Ante Pavelic in Croatia. He goes on to say, however, that this ideology has been an “inherent part” of all large-scale national movements that have existed in the Balkans, as for example in Greece in 1830, in Serbia, in Montenegro, and in Bulgaria. Mitrovic believes it was a “normal” option at that time, designed to reestablish the ethnic structure following the various invasions, and that it was carried out “painlessly.” It was not until the eve of World War II that this policy became violent, having found its roots in the racism of the 19th century as updated by Hitler.

The historian acknowledges that, as revived by Croat extremists such as Branko Jelic and Ante Pavelic, this doctrine has served as a temptation for Serbs who feel impelled to take revenge for the terrible exactions perpetrated against them between 1941 and 1945.

Indeed, when the pro-Nazi Ustasha Party took power in Zagreb on 10 April 1941 and proclaimed the independent state of Croatia, Ante Pavelic—who was its chief—established a regime of terror modeled on the Fascist examples. By hunting down the Jews, Gypsies, and especially the Serbs—whom he reproached for being members of the Orthodox Church and loyal to the church in Constantinople—he was the first to carry out an “ethnic cleansing” in Croatia. It was an official policy at that time, inasmuch as the program called openly—referring to the 600,000 Serbs in Croatia—for “one-third to convert, one-third to be expatriated, and one-third to die.” As for the Muslims of Bosnia-Herzegovina—which was then part of the independent Croatian state—they were considered by Pavelic to be Croats of the Muslim faith and accordingly avoided the genocidal measures.

During that same period, the Serbs were tempted by the doctrine of “ethnic cleansing.” In a book entitled *The Genocide of the Muslims*, written by two historians—a Croat, Antun Miletic, and a Serb, Vladimir Dedjer—you will find the “Plan of Stevan Moljevic” of 30 June 1941. Known by the name of “Homogeneous Serbia,” it called for the restoration—following the end of World War II—of a Greater Serbia established “on all the ethnic territories where Serbs live” and suggested “expulsion and the transfer of populations, principally Croats, from the Serbian territories and Serbs from the Croatian territories.”

This plan was complemented in September 1941 by the program of the Serbian movement of the Chetniks, led by Draza Mihajlovic. He advocated the de facto “marking of the borders of the Serbian territory and not allowing anyone but the Serbian population to remain there...and radically cleansing the cities and repopulating them with new Serbian elements....” On 20 December of the same year, Draza Mihajlovic gave specific instructions to the commanders of his troops: “Create an ethnically pure Greater Serbia, containing within its borders Serbia, Bosnia-Herzegovina, Srem, Backa (between eastern Croatia and western Vojvodina), and the Banat...purge the territory of the state of all its national minorities and all non-Serbian elements...carry out a purge of the Muslim populations of the Sandzak and the Muslim and Croatian populations of Bosnia.” As for the delineation of the borders with the Croats, the leader of the Chetniks ordered that “as soon as the opportunity arises, all lands indicated on the map are to be seized and cleansed before the enemy has time to turn back.”

Mihajlovic—who had risen against the Croats but also against the Communists—was defeated by Tito’s partisans and shot in 1946. Despite the exactions committed by the Chetniks, particularly against the Muslims of eastern Bosnia, the French expert on the Balkans, Georges Casellan, believes that “the Chetniks cannot be accused of genocide.”

Today, the “Serbian terror”—from which the Muslims of Bosnia and the non-Serbian populations of the occupied territories in Croatia are fleeing—once again bears the name of “ethnic cleansing.” This concept, which awakens sinister memories, is reportedly the work of 16 members of the Academy of Arts and Sciences of Belgrade, the authors of a document that is circulating clandestinely under the name of “Memorandum.” One of its principal instigators was Dobrica Cosic, the nationalist writer who last May became president of the “new Yugoslavia” (Serbia and Montenegro) and is regarded as the spiritual father of the Serbian leader Slobodan Milosevic.

The “Memorandum” of 1986

Conceived in 1986, this memorandum was still in the rough-draft stage when it was discovered on 24 September of the same year by a journalist of the Belgrade daily VECERNJE NOVOSTI. Its publication in the form of excerpts had the effect of a bombshell at the time. Calling the document anti-Communist and nationalist, the journalist Alexandar Djukanovic saw it as “a new call for a fratricidal war and a new bloodbath.” The memorandum—which indicted four decades of Communist government and voiced all the frustrations of the Serbian people—advocated “the defense of the Serbian people, who are threatened” by “discrimination,” in which the academicians named the guilty parties: the Slovenes and Croats, particularly Josip Broz Tito (a Croat) and Edouard Kardelj (a Slovene), who under the

Constitution of 1974 (the last one for the former Yugoslavia) had implemented their plan for the confederalization of the Yugoslav state whereby the six republics and two autonomous provinces regained their complete sovereignty. According to the present regime in Belgrade and its gray eminence Dobrica Cosic, it was this Constitution that gave rise to the dismemberment of Yugoslavia and "placed the Serbian people, and Serbia, in a position of fundamental inequality and subordination."

All the nations (of the Yugoslav Federation) are not equal before the law: "The Serbian nation has not obtained its own state." It adds that "some of the Serbian people—those living mainly in the other republics—have no rights and suffer ethnic discrimination of the sort that makes present-day Yugoslavia a country that cannot be ranked with the modern, democratic states." All this would in time incite the Serbs to rebellion and gradually become an appeal to racial hatred.

These arguments are not new. Recalling that the Serbian population of Croatia, although already decimated by genocide, had declined sharply from the figures of the first postwar census—from 543,795 Serbs (14.48 percent of the population of Croatia) in 1948 to 531,502 Serbs (11.5 percent) in 1981—the authors of the Memorandum emphasize that the regions where the Serbs are in the majority—such as Lika, Kordun, and Banja (in central Croatia)—are the least developed regions in Croatia. The economic backwardness of these territories has, they say, "motivated the Serbs to emigrate to Serbia or to regions of Croatia where they are a minority and are treated as an inferior social group and forced to assimilate."

The academicians condemn this policy of assimilation and declare that "except for the period of the independent State of Croatia, the Serbs of Croatia were never threatened in the past as they are being threatened today. The adjustment of their national status is, therefore, a problem of the first order." And they warn: "If a solution cannot be found, the consequences will be disastrous not only for Croatia but also for all of Yugoslavia."

Beginning in 1986, therefore, Belgrade launched a new crusade, one to awaken the Serbian national consciousness, which the young Communist leader Slobodan Milosevic quickly joined and which would unleash the barbaric revival of the Serbian nationalism of the 1990's.

At that time, it was not a question of "ethnic cleansing" but of returning to the Serbs "all of their historic, national, and democratic right to live in a single state." That is the point of view of Dobrica Cosic as set forth in a treatise on "Yugoslavia and the Serbian Question" published in January 1991. Such a state, he said, could be a "democratic and federative Yugoslavia," but only on condition that all the peoples residing therein want it. In that event, "the Serbs would have no reason...to prevent the Croats and Slovenes from seceding from Yugoslavia and creating their own autonomous states, but only on their ethnic lands. If they do so, but also

annex the ethnic Serbian areas, however, they will be invaders and instigators of war." That is what the current president of a Yugoslavia that is now Serbian and Montenegrin wrote a year and a half ago. We know what followed.

The Strategy of the Fait Accompli

In short, this aspiration implies *de facto* the displacement of populations, or more precisely the changing of the ethnic structure whenever the territories being claimed no longer have a Serbian majority. Hence, the necessity of "cleansing" the "Serbian territories" in Bosnia as well as in Croatia and in Vojvodina, that multinational province in northern Serbia that was formerly attached to the Austro-Hungarian Empire and was annexed to Serbia on the eve of the creation of the original Yugoslavia.

Although the instigators of the Serbian nationalist policy—such as Dobrica Cosic—are not demanding "ethnically pure" territories (at least, that is what the available documents appear to say), their ambitions nonetheless have led them to make this concept a policy that has never been acknowledged. The Serbian side has relied since the start of the conflict on the principle of the *fait accompli*. Now, the fact is that ethnic cleansing has the "advantage" of being an action that can be reversed only with difficulty.

This ideology is often contagious, however, and is arousing a desire for vengeance on the part of the communities that have been victims of this "cleansing." Half of the approximately 100,000 Serbian residents of Zagreb have disappeared into the countryside. It is believed that in order to flee the various pressures, they have set out for Belgrade to seek shelter. In western Slavonia, the Croats have conducted an all-out cleansing operation, burning or mining the homes of the Serbs. In Bosnia, the fighting makes any assessment of the situation difficult. The independent Belgrade newspaper BORBA, however, in its issue of 22-23 August, reported cases of expulsions and murders in central Sarajevo. It stated that even when they were under siege and on good terms with the other residents of the Bosnian capital, the Serbs had become victims of pressures and reprisals.

Situation in Bosnian Krajina Discussed

92BA1378C Belgrade NIN in Serbo-Croatian 21 Aug 92 pp 24-25

[Article by Dragan Cicic: "Role of Extremists"]

[Text] *Regarding the Celinac case, Dr. Radovan Karadzic said that he did not know anything, but when he heard what kind of document it was about, he added: "If there is a fear that Muslims could be threatened by Serbian extremists, it would be logical to arrest the extremists, and not lock up the potential victims."*

In Banja Luka, the curfew starts at 2200, but only the reporters take it seriously, in their own way. They leave

the streets as early as 2100, without succeeding in finding out whether the enormous crowd of young men and girls who flood the city promenade at precisely that time will really retreat in just one hour.

"They are built like Greek gods, but dressed like Italians," said one English woman reporter in amazement, leaning through the window of an automobile that was passing centimeter by centimeter through the turbulent mass of bodies in motion. A young man who was strolling in the afternoon sun in a police uniform (it is not much like ordinary police uniforms, but on its sleeve is a semicircle with the designation "militia"), with a Kalashnikov and three clips attached with tape, has now put on a silk Hawaiian shirt and beige "Gatsby" pants. Only the shoes are the same, civilian ones—that is the only part of the uniform that the army and the police do not wear, because of the heat, they say. The sun really is merciless in Banja Luka: It seems that there are never any clouds over the city, and it would be unbearable without numerous parks and tree-lined paths.

Few people complain about the heat, however. The residents of Banja Luka mostly say that they only have the summer to thank for what are certainly the last glimmers of life as they used to know it, certainly for a long time to come. The abundance of vegetables that this summer brought is making it possible for people to feed themselves with an average wage, i.e., 3,000-4,000 Bosnian dinars. A kilogram of tomatoes, for example, only costs 8 dinars. The good side of such prices for agricultural products is the absence of hunger in the city, but the bad side is the impoverishment of peasants; a whole truckload of tomatoes is needed for a kilogram of coffee, which costs 3,000 dinars! The spread of poverty is being accelerated by inflation. No one knows exactly how high it is, because in the chaos of borders that change every day it is impossible to keep track of it (but it is nevertheless less than in the Federal Republic of Yugoslavia). After starting at a 1:1 parity, the Bosnian dinar is now worth 30 percent more than the Yugoslav one. More terrible experiences await Bosnia when it turns cold, however.

A much more significant problem than inflation is the collapse of the Banja Luka economy. "Only 10 percent of the economic capacity is in operation," stated Predrag Radic, the mayor and one of the few people who equally value all three ethnic groups. "The biggest obstacle to normal work at this time is the lack of electricity, which virtually only the hospitals, the dairy, the bakery, and the refrigerated warehouse receive regularly now."

War and Peace

The problems with electricity are one more vivid picture of the absurdity of the Balkan war. Banja Luka was previously supplied from the Tuzla electric power plants, but the Muslim authorities are no longer willing to continue deliveries. Now electricity is delivered from the Jajce hydroelectric plant system, of whose five installations the Serbs control three. The Croatian forces control

two installations, but also the largest dam in the system, and so the Serbs are only filling 30 percent of their part of the lake, because they are afraid that the Croats could blow up the big dam and drown Banja Luka. That is why the citizens receive an average of four hours of electricity a day. In spite of everything, Banja Luka is succeeding in keeping as much tolerance as seems to be even possible in Bosnia at this time. Both the HDZ [Croatian Democratic Community] and the SDA [Party of Democratic Action] are still working, moreover in the Cultural Center next door to the SDS [Serbian Democratic Party] headquarters, which makes Banja Luka probably the only city in Bosnia in which all three national parties are operating. "This is still a university center," stated Nikola Gabelic, the president of the regional HDZ. "In spite of everything that is happening, we are trying to maintain at least some civilized human relations at least on this floor, if it is not possible anywhere else. Nevertheless, the field of our activity does not extend further than these four walls now."

Radoslav Vukic, the president of the Banja Luka SDS, cited the fact that the SDA and HDZ were still in their offices as an illustration of the city's "liberalism," even though, as we later found out, he himself signed at least two orders to the HDZ to move out of its spaces.

"We are offering the Muslims and Croats the same thing that we are seeking for the Serbs where they are a minority, in Zenica, for example—i.e., minority rights. The other side, however, did not want to agree to this. Under the leadership of the grand vizier, Alija Izetbegovic, they intended to kill or drive out all the Serbs. In Muslim villages we found bunkers, weapons, and even videotapes bearing witness to the preparations. Thus, in Kozarac, for example, at least 90 percent of the male inhabitants were extremists. They killed six soldiers, previously the most prominent fighters in western Slavonia, who were peacefully passing through the village."

"Opposition—Traitor"

Kozarac, in any case, is a village between Prijedor and Banja Luka. It has been burnt to the ground. There is no one there anymore, and all that remains of the houses are the outer walls and chimneys. The soldiers were killed, according to Simo Drljaca, the head of the Prijedor opstina in Hambarine, a village in the immediate vicinity of Celinac, where the first armed conflict on the territory of the Krajina AR [Autonomous Region] occurred on the night between 22 and 23 May. According to Drljaca, the attack against Kozarac occurred the day before, when the townsmen, refusing to surrender their weapons, blocked the main road between Banja Luka and Prijedor with barricades. In the battles around Kozarac, which lasted for several days, 16 Serbian soldiers died and 38 were wounded. The number of casualties on the other side has not been precisely determined, but Muslim sources claim that among the dead inhabitants of Kozarac there were also five Serbs, militia officers who remained loyal to the Sarajevo Presidency.

"The conflicts, both this one and others, happened because of provocations from Muslim extremists," Vukic said, and in response to a question about whether there were also Serbian extremists, he answered that there were and that measures were being taken against them. "Over 100 Serbian extremists are in jail in Banja Luka; they threw grenades, hijacked cars, stole.... Furthermore, we also arrested 150 Cetniks who were robbing and raping, and we deported them back to Serbia. We do not need such helpers here, and in any case, we do not want to have citizens of the Federal Republic of Yugoslavia fighting here, and we can say that there are virtually none now."

"Does that mean that you have given up on unification with the new state?" we asked.

"For the time being, yes," Vukic said. "Perhaps later, when the conditions are created for it...."

"You have also separated the money; are you printing your own dinars?"

"We did not want to, but the government of Yugoslavia destroyed monetary unity with us, and so we were forced to introduce our own coinage."

"Do you feel betrayed?" we asked.

"Yes, but not by the Serbian authorities, but rather by the opposition," Vukic said angrily. "We were betrayed by Micunovic, Draskovic, and Dzindzic, spreading lies about Milosevic being a communist."

In general, the SDS does not show much sympathy for the opposition, either the one in Serbia or their own. On 22 June 1992, the Krajina AR's crisis headquarters adopted a decision that "only personnel of Serbian nationality can be in all leading positions, in positions where the receipt of information is possible, and in the protection of public property"—but according to the document, those positions also cannot be held by Serbs who "have not yet ideologically clarified that the SDS is the sole representative of the Serbian people."

"The Serbs who do not believe in our policy are mostly those from mixed marriages, traitors, and those who believe in the return of communism, but there are not many such people, because those three categories mostly overlap," Vukic explained.

Decision From Celinac

Sabit Habul was thus dismissed from his position as director of an elementary school, and he was replaced by Nemanja Savic, who settled in Banja Luka after he was replaced in Sibenik, which he left. "I do not feel any better than the Croats and Muslims who are leaving here," Savic said. "More than half my furniture was left in Sibenik, and I was not able to replace the apartment, which has been moved out of in the meantime. You can imagine how I feel—I am a music teacher, but I was not able to bring my piano."

Without electricity, and more and more often without water as well, unemployed, with a view of trees covered with death notices for those who have died in battle, with thousands of Serbian refugees whom it is harder and harder to take care of, and thousands of Muslims and Croats who are leaving the city, Banja Luka residents of all nationalities say that they are most afraid that soon things will be worse for them.

In this regard, they emphasize Bosanska Gradiska, recently attacked by artillery and infantry from the other side of the Sava, from the Republic of Croatia; and some people emphasize what is happening in neighboring towns like Celinac.

Varosica, about 20 kilometers away from Banja Luka, has become known for the "decision on the status of the non-Serbian population in the area of the Celinac opstina." According to this decision by the "wartime Presidency of the opstina," the non-Serbian population, mostly the 7 percent Muslims and a small number of Croats (somewhat below 1 percent) have been divided into two categories. The first one includes all the "non-Serbs" except those in the second group, whose names are cited (there are 34 of them), and who are "assessed as people who have in the past acted negatively and stood out in various ways, which has had consequences for the Serbian people."

Major Janko Trivic, commander of the Celinac light infantry, explained what negative activity and standing out consisted of: "All those on that list have materially assisted the Green Berets, threatened Serbs, held illegal meetings in their homes, and during the funerals of Serbian soldiers who had fallen on the front, went fishing on the river and had a barbecue, and ate with singing and guitars."

The major paused, and then his gaunt, weatherbeaten face leaned forward, and without blinking his inflexible blue eyes, he said in a tired voice: "After all, the battles are being fought only a few kilometers from here, and all of them are a potential fifth column. What did America do with the Japanese in World War II? They were all interned."

"Those" of whom the major was speaking, at least judging by the provisions of the "decision," are all "non-Serbs," because they are all "banned from staying in the street, hotel facilities, and other public places." They are banned from "bathing in the Vrbanja and Josevica rivers, hunting, and fishing," as well as "riding in and driving automobiles, and contacting relatives who are not from the Celinac opstina without special permission. Also banned is the use of means of communication, except for the post office telephone...." The list is a long one.

Awkward Document

The other list of restrictions, which apply to the people on the list who have stood out, is quite short and contains only two regulations. It bans "making any sort

of contact with other individuals from the neighborhood and elsewhere," and bans "movement between 0000 and 2400, except for a call for a labor obligation."

"The Muslims and Croats refused to mobilize for the Serbian Republic's army, and while our people are fighting to protect their homes as well, someone has to take care of the city," said Sveto Kovacevic, talking about the bent people who were cleaning the main city street under their "labor obligation." One of the people on the list, who did not want his name to be mentioned, said: "I do not know why I am on that list; I have never been involved in politics and I am not even a member of any party."

As for the restrictions on the movements of the non-Serbian population, the mayor explained that on the grounds of fear for the safety of those people. "If they appear in public places too much, that could provoke Serbian extremists, and there are such people. So far not one Muslim has been killed here, and that is nevertheless a sort of success in these conditions," the mayor proudly said.

Later, Radovan Karadzic said that he did not know anything about the Celinac case, and when he was acquainted with the contents of the document, he assessed it as "awkward." "If there is a fear that Muslims could be threatened by Serbian extremists, it would be logical to arrest the extremists, and not lock up the potential victims," Karadzic said.

A week later, we were in Celinac again to check on whether the decision had been suspended, as had been announced. Immediately upon our entry, policemen told us to go to the station first. "As far as this is concerned," they pointed to a ruined mosque, "it is from lightning."

At the station, after waiting for half an hour, we were told that our documents were in order, they apologized for detaining us, and said that we could peacefully retrace our steps and go back.

To Banja Luka, which is without electricity at night, full of shooting by drunken people, and which is desperately going out onto the promenade, hoping that if the appearance of normality is retained, everything will pass before its turn comes.

Serbian Republic of Krajina Political Struggles

92BA1378B Belgrade NIN in Serbo-Croatian 21 Aug 92
p 23

[Article by Nenad Petrovic: "The Felling of Princes"]

[Text] *On the second anniversary of the "Serbian uprising" (17-18 August), Krajina is being shaken by serious political struggles: Milan Babic has been beaten up, D Mitar Obradovic, the president of Vrginmost, has been killed, the leaders of Petrinja and Dvor na Uni have resigned, and then came the replacement through rallies*

of the presidents of Kostajnica, and then Gracac and also the newly formed Sisak-Caprag opstina. The struggle for power is continuing.

The beating in Benkovac of Dr. Milan Babic and Rajko Lezajic at the end of June seems to have represented a sort of preface to the settling of accounts with the leaders of most of the opstinas in the territory of the former Krajina SAO [Serbian Autonomous Area]. Babic, the president of the Knin commune, and Lezajic, chairman of the Benkovac opstina's executive council, received a beating from people in the entourage of the RSK [Republic of Serbian Krajina] Prime Minister Zdravko Zecevic, who also appeared along with him at the funeral of Academician Jovan Raskovic (!). This case is clear to everyone except those who should have sanctioned it in the spirit of the law.

Then came the killing of the president of the Vrginmost opstina, D Mitar Obradovic. Few details are publicly known about this case. It is only hinted that the late Obradovic initiated a meeting in Glina of the leaders of individual opstinas in Kordun and Banija, with the goal of creating a separate area in Krajina as a transitional solution for annexation to Croatia under the protection of special status. The advocates of this interpretation cite the key argument—the harsh accusations and threats sent from Knin to the initiators of the Glina meeting.

Next came the resignations of the leaders of the Petrinja and Dvor na Uni opstinas, and then the replacement through a rally of the president of the Kostajnica opstina, the replacement of the leadership of the newly formed Sisak-Caprag opstina, and the latest in a series of forced resignations of Gracac opstina leaders. The resignation in Petrinja was "started" by blowing up the house of a popular Banija fighter, TO [Territorial Defense] commander Bogdan Ercegovic. In Kostajnica, the organizers of a rally against the opstina leadership cited the "support received from Knin." The president of the Gracac opstina, Jasminka Mandic, submitted her resignation, after which a group of hecklers at a meeting of the opstina assembly managed to turn the committee members against the president, who was subjected to a sort of cross-examination using extremely vulgar curses.

Twilight Zone

This "felling" of the opstina leaders went almost unnoticed by the Krajina public, something that can be explained only to some extent by the existing monopoly on information and the attention directed by the "broader public" toward the events in Bosnia-Herzegovina.

Only the attack against Babic received any significant space in the media, but that could have been expected in view of the preceding events on the Krajina political scene—marked by conflicts between Babic and his adherents, and representatives of the present authorities. After Babic was politically neutralized, he attempted a political "comeback" by activating the Krajina SDS

[Serbian Democratic Party]. After several of his successful meetings around Banija and Kordun, the authorities adopted a decision prohibiting opstina assembly chairmen from leaving opstinas, and then a decision on a moratorium on the operation of parties. These decisions most affected Babic, because neither the so-called original SDS nor the Socialists, who have imposed themselves upon the authorities and taken over a considerable number of posts, could boast of the developed life of their parties (the justification of the war is not a convincing argument).

What is hidden behind the other "presidential" cases? It would be too simple to reduce everything to a conflict between the former and current rulers. The late Obradovic at one time was not even acceptable to Babic. The president of the Gracac opstina, Jasminka Mandic, played a prominent role in the neutralization and removal from his position of Dusan Vjestica, former chairman of the Gracac executive council. Gojko Malesev, chairman of the Serbian Radical Party's [SRS's] opstina committee, played a key role in the rally replacement of the Kostajnica leader. In view of the definitely negative assessments of the current authorities that were provided by Rade Leskovac, the president of the SRS for Krajina, it seems strange that the chairman of a committee from the same party is citing support "received from Knin."

A far more acceptable explanation of these events should be associated with the consequences of the Knin authorities' measures, as a result of which Krajina has politically become a "twilight zone." The moratorium on the operation of parties, along with the curfew that is still in effect, has not brought uniform political views in support of "all-Serbian unity," as the authorities announced. The ban on party activities has only contributed to strengthening the position of the authorities, i.e., individuals, who make decisions behind closed doors and shape the fate of the people whose support they cite. On the other hand, the toleration of lawlessness (as in the case of the beating of Milan Babic) was the preface to a campaign for power at the opstina levels, which is obviously being conducted ruthlessly. After the completion of the redistribution of the war "plunder" in the form of ministerial and other "high" positions, without party or professional criteria, which is not hard to prove, it was inevitable that the same process would end up at the lower level as well.

Party Struggles

That process has not remained immune from party influences, although the extent to which party rivalry has been decisive cannot be determined for certain. In any case, the most influential parties in this area of Krajina are the SDS, the SDS of Krajina, the SK-PJ [League of Communists-Movement for Yugoslavia], and the Socialist Party of Krajina, or Borislav Mikelic's former party. The order of the list does not also mean a ranking of influence, but it is known that the two Serbian Democratic Parties have a dominant role in Krajina's Dalmatian opstinas, and that "Mikelic's people" are

influential in Banija, but thanks to support from the socialists in Serbia they have shown great skill in dividing up authority. The SK-PJ's influence is more pronounced in Kordun and Banija. Along with these parties, one should also add the Serbian Radical Party for Krajina, which, after the announced cancellation of the moratorium on parties' operation, is preparing a "Krajina-wide" promotion of its party program.

The cancellation of the ban on parties' operation was announced in a "package" along with the adoption of a proposed law on the operation of parties, and an electoral law. The renewal of party life and the adoption of the above-mentioned laws apparently represent a preface to the scheduling of elections, which are the only things that are capable of answering the question of how much of a right the authorities have to cite the will of the people. In this regard, one also should not rule out the assumption that this presidential "purge" is not aimed at achieving a preelection position.

FRY Federal Minister Grubac on Minority Rights

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pp 15-17

[Article including interview with Prof. Momcilo Grubac, minister of the Federal Republic of Yugoslavia, FRY, for human rights and rights of minorities, by Uros Komlenovic; place and date not given: "The Government Will Last"]

[Text] Many people believe that the most precise definition of present-day democracy is compared in the American Declaration of Independence, which contains the words: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain inalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed." It is probably with this in mind that the Yugoslav prime minister, who is an American citizen, entrusted the portfolio of human rights and rights of minorities to Prof. Momcilo Grubac, the subject of this NIN interview.

[Komlenovic] At the advisory meeting on ethnic minorities in Yugoslavia, you announced a lasting effort. The representatives of the minorities were skeptical, because it is not the first time that the authorities have consulted with them and then went on in the same old way. On what basis do you believe you will be able to bring about more profound and lasting change?

[Grubac] As for the advisory meeting, which was held 7 and 8 August on the initiative of the president of Yugoslavia, I said that this was only the initial part and for the moment the visible part of a broader effort. Nothing would have been done if we left it at that. There is a fairly broad list of problems which the participants in that meeting presented, and that list will be the basis of our ministry's work program. One "basket" of problems

can be solved by simple actions and very quickly. For example, the attempt to shut down certain minority schools in some towns, to shut down TV or radio broadcasting in the languages of certain nationalities, etc. Another group of problems requires more long-term commitment, a change of current legislation and indeed even the Constitution. We will pay particular attention to creating the appropriate bodies in opstinas with an ethnically mixed population. It will be very useful if commissions or councils are created there for the ethnic relations of the citizens, and they would consist of the most prestigious people of goodwill.

[Komlenovic] What else does your program envisage?

[Grubac] Right now we are planning formation of a working group of experts to prepare the draft of a federal law on minority rights that would put order in this subject matter and guarantee uniform regulation and uniform practice in Yugoslavia. Among other things, this law would guarantee a minority's share in the representative bodies of government if it does not get its representatives in the general election. This type of "affirmative action," which in democratic societies is the only kind of discrimination permitted, should also be incorporated into our new election laws, which are being prepared. The "privilege" would not apply to the large ethnic communities, for example, the Albanians and Hungarians, which can get their representatives under the general conditions, but to the Slovaks, Romanians, Ruthenians, Turks, Gypsies, and others who cannot manage this in the election, especially the election to the Federal Assembly.

A rational and economically acceptable procedure should be found for financing the educational and cultural associations of those ethnic communities. For example, if we could allocate 1 pro mille or 1 percent of the gain from commercial cooperation with the parent country to those associations, we would resolve that and at the same time would promote foreign trade. Because this would suit everyone.

I think that we will very soon have to work on autonomous structures, especially in the fields of education, enlightenment, culture, religion, and information. There is also the problem of halting the process of flagrant government centralization in the republics, of which I have direct knowledge as a deputy.

Parallel to that, the ministry will be concerned to protect general human rights to which all are entitled, not just the ethnic collectivities. And then we will be concerned about the rights of refugees, who now number about half a million in Yugoslavia and who are today the most threatened category of citizens. It is our task to take decisive steps aimed at protecting human and collective rights of members of the Serbian and Montenegrin peoples who found themselves in the new states after the disintegration of socialist Yugoslavia or who lived outside the homeland even earlier.

[Komlenovic] The situation, however, is critical. We have a fairly unsuccessful attempt at talks concerning Kosovo, Hrtkovci, which is still not being resolved, Pljevlja....

[Grubac] The federal government is resolved to guarantee all citizens of Yugoslavia personal security and safety of their property regardless of nationality, political conviction, religion, and so on. One provision of the Constitution itself states that anyone who arouses, encourages, or incites ethnic, racial, or religious or other inequality, enmity, or intolerance will be punished. We will vigorously seek criminal prosecution. There is no dilemma or compromise about this, because this is not only a question of protecting a threatened individual, but also of defending the state, its Constitution, and the Serbian national interest.

[Komlenovic] Does the government have instruments to act?

[Grubac] Yes, it does, the regular ones. We have the courts, the prosecutor's offices, and other judicial bodies. Various circumstances have combined to prevent these mechanisms from functioning effectively sometimes. At this point, I cannot go into the causes of that situation. But on the basis of what I see and on the basis of the instructions which I am getting from the president, the federal government is prepared to vigorously reactivate the mechanisms of the law-governed state.

[Komlenovic] How has the government treated Pljevlja, if that is not a secret?

[Grubac] The president of the republic even intervened.

[Komlenovic] Is it possible to do something of that kind in Hrtkovci as well?

[Grubac] We will be making an attempt with what is regular—criminal charges against individuals and involvement of the judicial mechanism. The federal authorities have small powers today because of the unfortunate relationship between the federal and republic constitutions, although, as far as I have been informed, the federal and republic ministries are cooperating.

[Komlenovic] You mention the problem of delimitation of federal and republic powers. Some time ago, the Law on Public Peace and Order was adopted in Serbia. What is your assessment of that law?

[Grubac] I expressed my opinion of that in the Serbian National Assembly as a people's deputy. I cannot tell you whether the federal government will undertake anything precisely concerning that law. A broader analysis has been undertaken in the federal government, that is, an examination of the consistency of all the laws so far adopted in the two republics, along with their constitutions, and in particular their conformity with the federal Constitution.

[Komlenovic] The government has brought in people who know what should be done, and they are making their positions public. There will be time for analyses when we have peace. But now we must have harsh reaction to those things which are obvious, is that not right?

[Grubac] That is right, but we have to be fully informed. The analysis of which I spoke should be conceived as an act of registering those legal enactments adopted in Serbia and Montenegro which might possibly be contested from the standpoint of constitutionality. In the last session of the Federal Assembly there was a motion to postpone election of new judges to the Constitutional Court, and this will probably be done in the next extraordinary session of the Federal Assembly. Then the formal conditions will be fulfilled for completing that action.

[Komlenovic] We had the institutions of a civil society even earlier, various committees, forums, that dealt with human rights and which gathered some kind of documentation. Let us take Hrtkovci, for example. Belgrade Circle and the Center for Antiwar Action have gathered quite a few facts about Hrtkovci. Will you take them into account?

[Grubac] We have certain reports from the Center for Antiwar Action, and we also have information from other quarters, and all of that will be taken into account just as it is done in legal proceedings. This cannot, of course, be considered full and finished proof.

[Komlenovic] You are a member of the parliament of one of the republics, and you know the relations that prevail there, but now you are a member of the federal government. Cooperation between republic and federal authorities is indispensable. What kind of relations do you anticipate?

[Grubac] I do not expect a storm in those relations if things follow the course as conceived. We have elections coming up, the round table, amendment of the Constitution, and the action of bringing the republic constitutions into conformity with the federal Constitution. That will soften the blow of the discrepancy between the republic and federal level which might possibly have been anticipated.

[Komlenovic] A few days ago, in a session of the Human Rights Commission in Geneva, at the first extraordinary meeting in the history of that commission (devoted to Yugoslavia), John Bolt, the U.S. representative, said that in the country which was formerly called Yugoslavia there are violations of human rights without precedent in the history of the 20th century. Does the Yugoslav minister for human rights concur in that assessment?

[Grubac] That meeting was devoted to the topic of violation of human rights in B-H [Bosnia-Herzegovina] and on other territories of the former socialist Yugoslavia. I know that aside from B-H, exaggerated attention was paid there to us, much more than to others. Croatia

and Slovenia were not even dealt with. I think we are seeing a certain lack of principle on the part of the international community, because under these wartime conditions, which have affected almost all territories of the former state, there is good reason to expect that human rights are being violated everywhere. We do not deny the fact that for various reasons there has been a certain devaluation of human rights on the territory of our state as well, but we call for objectivity and disinterestedness.

[Komlenovic] Kosovo is the largest and most complicated problem in this country. Nevertheless, it is above all a political problem. How is that entanglement to be sorted out?

[Grubac] Through a dialogue of reasonable people.

[Komlenovic] The prospects are not exactly great?

[Grubac] I think that that dialogue must occur. Instead of spite, squabbles, and everything that goes with it, we must resolve the problems reasonably. It is an indisputable fact in international relations that Kosovo is a part of our state. I think that political ambitions will give way more and more, especially after the conference that will be held.

[Komlenovic] Did you have a part to play in Panic's spectacular idea about ending the state of emergency in Kosovo? Is it altogether clear what was being aimed at there?

[Grubac] I think that there is an enactment on extraordinary circumstances as the basis for taking certain steps. It is a question of rescinding that special enactment.

[Komlenovic] That rescindment lies in whose authority?

[Grubac] It is the authority of the republic Assembly which adopted it. That enactment is part of the group of those enactments which can be contested from the standpoint of constitutionality. Aside from being politically inappropriate, today it is also completely unnecessary.

[Komlenovic] The prime minister has declared that this will occur in coming days, but the Assembly will not be convening during that period.

[Grubac] It could convene.

[Komlenovic] Do you anticipate resistance in the republic Assembly if the issue is raised of rescinding that special enactment?

[Grubac] I do not know, that is the Assembly's business.

[Komlenovic] The dialogue must be entered into with certain concessions. Panic has done exactly that. "We will get the children back in school," he said.

[Grubac] Essential political issues are not resolved at the level of the ministry. That is the business of the government. At that level, the issue can be taken forward step

by step. For example, by adopting steps which will guarantee that the school year begins for all children. And then we can achieve fuller and better functioning of the health service. You know that at present the Albanian people in Kosovo are boycotting even the hospitals. This can be resolved outside parliamentary procedure and without making any major political decisions.

[Komlenovic] Have you begun any dialogue, or is this more a program which you have thought up in your office?

[Grubac] There have been some small results, but everything is not yet in place.

[Komlenovic] The new government has a visible weak point which makes it a weak negotiator with those who are threatened—a parliament which does not stand behind that government. How do you expect to prosecute your legislative initiatives?

[Grubac] We will have neither the time nor the occasion for major things except for resolving those issues which do not require parliamentary procedure. Just like the government, this parliament should in fact just make preparations for the election, and nothing else can happen in this period except individual initiatives such as the proposal of the Law on Amnesty....

[Komlenovic] ...Which is tied to the election, so that people can vote.

[Grubac] Yes. Some kind of consent has been obtained with respect to what is to go through the parliament by the very election of Mr. Panic to be prime minister. All elements of the government in the federal state agreed that there would be elections and that conditions would be brought about for democratic elections. Because the time has arrived for elections, the government will not even have occasion to "wage war" with the Assembly during that period.

[Komlenovic] How do you perceive the fact that the federal government containing one reformer and several other people from the opposition was accepted without very much grumbling?

[Grubac] The parties in power did not choose the ministers, but the prime minister; under the Constitution, he has broad powers. That is how it happened that almost half of the members of the government are not members of the Socialist Party. What is more, it seems that we have begun to become accustomed to political pluralism and that we have become more tolerant.

[Komlenovic] One segment of the public believes that this government cannot last long. What is the mood in the government itself?

[Grubac] I think that from the very outset those in the government are aware of its mission, aware that it is temporary, aware that this is really a transitional government. I think it will last until the day fixed for holding the election.

[Komlenovic] Judging by approximately one-fourth of the government, this seems to be a government of experts. Are the experts free in their work?

[Grubac] Well, we are fairly free. In a way, this sometimes puts me in a quandary. On many questions, the minister is really creating policy within his particular area of responsibility. Previously, one knew: Policy is formed in the committee, and if you are not clear on it, then you go there and ask them. A new mechanism has not been completely worked out for shaping policy and political positions. Because of the situation in which we are working, we rarely have time for thorough and lengthy meetings of the government in which we would construct policy. One reason for this is that the prime minister is frequently absent because of his immense obligations on the international scene.

[Komlenovic] That also has its good side—better than if you were in Bozovic's government, where he makes the decisions about everything.

[Grubac] Yes. To a great extent, the ministers are really independent and have a great deal of room for shaping policy within their area of responsibility. On the one hand, this is good, but it also presupposes great individual responsibility.

[Komlenovic] Recently, you have made several speeches in the Assembly. However, before that, except for amendments to certain laws which you proposed, we did not see you at the microphone very much. Why?

[Grubac] I was quite a bit involved even earlier, it is just that it was not so evident. Since 9 March I have not made so many speeches. You cannot get an accurate impression of a deputy's involvement solely from watching the TV coverage. When you propose something in an Assembly committee, and it does not pass, you conclude that the full Assembly offers a still smaller chance for adoption of that idea. Then a man frequently capitulates, because he sees that there is no point in trying to persuade it. Later, I realized that one needs to make speeches not only because of the Assembly, but also because of the public. And there is also something in one's mentality.

[Komlenovic] Prisoners were exchanged a few days ago. Charges were made from both sides at the time that the prisoners had been beaten in prison. Can a minister in the Yugoslav Government say whether people are being beaten in Yugoslav prisons?

[Grubac] I have no knowledge at all about that. In such cases, some kind of rumor usually reaches a minister. No word to that effect has reached me.

[Komlenovic] As a country, we are rather responsible for the behavior of the Serbs in Bosnia although that is not our territory. It is clear that our army and our government could have a certain influence. We have obtained documents from Banjaluka, official documents indicating segregation during the war toward Muslims in

Celinac Opstina. Are you aware that the international community is including that among our sins?

[Grubac] I think the international community is unfair in that respect. After all, it recognized Bosnia, it does not recognize Yugoslavia, and it expects our intervention. So, the intervention of an unrecognized country in a recognized country. That is absurd. The Yugoslav Government is behaving fully in accord with the status of B-H, it treats it as another recognized state, and it is aware that it has no power whatsoever on that territory and cannot have, except for the power of persuasion, humanitarian actions, appeals, efforts to prevent that war diplomatically and in every other way, formal or informal. I think that the prime minister has in fact provided evidence in that direction. He is committed, he is traveling, he is imploring, and he is sponsoring. There can be no doubt about his sincere intentions. It is impossible to order any other measures of a governmental nature in this kind of situation. I believe that all kinds of accidents and all kinds of crimes are taking place in Bosnia on both sides. But we cannot prevent that. That is the logic of war. What can you expect in a war except crime? That is why the war has to be stopped.

[Komlenovic] It is the urgent task of your ministry to mitigate the consequences of war, that is, to reestablish the most elementary human rights. But there are a number of other troubles. For example, there are also the secret official gazettes.

[Grubac] I myself became involved in the Assembly, and the secret official gazettes have been abolished in Serbia.

[Komlenovic] Even now those secret decisions are being promulgated in some other way?

[Grubac] Yes, but they cannot have the effect of laws. That is important, because the army must have some secrets, but a secret cannot be incorporated into a law which is then binding on everyone, and no one knows about it.

New Albanian Party Founded in Macedonia

*92BA1306B Skopje NOVA MAKEDONIJA
in Macedonian 20 Jul 92 p 3*

[Article by J.B.: "Albanian Democratic Union-Liberal Party Is Formed"]

[Text] Tetovo, 19 Jul—A constitutive session of the public unit of the Albanian Democratic Union-Liberal Party (LP) is being held today in the "Il'o Anteski Smok" House of Culture in Tetovo in the presence of a large number of sympathizers and guests from Skopje. The session was opened by Bekir Iseni, who, in the name of the Initiative Committee, emphasized that interest in membership in the Albanian Democratic Union, the seat of which is in Skopje, predominates in Tetovo.

The President, Dzhemil' Idrizi, talked about the basic program decisions and goals of this party, which is one of

the newly formed parties in the Republic of Macedonia. He then emphasized that a basic goal of this Liberal Party is strengthening the democratic process, preserving the peace, strengthening the economy, providing information, and solving misunderstandings and problems in a peaceful way and with dialogue, and so forth.

The necessity of even more rapidly expanding information in the Albanian language was mentioned in the discussion. In this context, Dr. Neset Izeiri of Zelino made a concrete proposal from the rostrum, which was adopted by acclamation, for directing an appeal to the Macedonian MRT [expansion unknown] in Skopje to expand the first information program in the Albanian language to more than an hour and to expand the program of the second television channel in the Albanian language for culture and sports.

The president was chosen from nine candidates. The educational worker, Adem Ademi, was elected president, Alush Dzeladini copresident, and Muydin Bayrami secretary.

Serbian Party in Macedonia Holds News Conference

*92BA1306C Skopje NOVA MAKEDONIJA
in Macedonia 23 Jul 92 p 4*

[Article by J.M.: "A New Census Is Necessary"]

[Text] The Democratic Party of Serbs (DPS) in Macedonia at yesterday's press conference again raised the question of the census of residents of the Republic of Macedonia. The president of the party, Boro Ristic, emphasized that "the number of 44,159 Serbs is a political version of the number of 284,368 Serbs in Macedonia."

"Because of the disbelief concerning the list, this party is seeking a census of the Serbian nationality under the control of the international institutions, with the presence of the Serbs in Macedonia as an interested party," he emphasized, and added "the DPS is speaking up for new elections, equal access to the information journals and television in the preelection activities, and a combined election system—majority proportional."

Taking the current conditions in the Republic into consideration, concerning the formation of a new government, Ristic said, "This party thinks it is not necessary to talk about the mandator, Petar Gosev, because he, by his actions, showed that he is not for collaboration and friendship with the Serbian people."

The DPS decided to seek a meeting with the president of Macedonia, Gligorov, the president of the FRY, Cosic, and the prime minister of the FRY, Milan Panic, concerning, as it is said, "the unsolved status of the Serbs and Montenegrins in Macedonia."

RDSV Declaration on Autonomy of Vojvodina**Text of Declaration**

92BA1387A Belgrade BORBA in Serbo-Croatian
18 Aug 92 p 12

[Declaration by the Reformist Democratic Party of Vojvodina: "A Region According to the European Model"]

[Text] *We do not view autonomy as usurpation of the characteristics of a sovereign state or the fulfillment of secessionist pretensions; autonomy implies the decentralization of authority, a division of jurisdiction, and the independent handling of public affairs that directly affect the province.*

Bearing in mind that Europe is experiencing the biggest transformation in its postwar history and that part of that transformation is being manifested in the attempt to bring the geopolitical area of central and southeast Europe back into the framework of European civilization;

Convinced that the resistance to this transformation shown in the policy of the Serbian and Montenegrin regimes can only represent a short-term and local slowing of it that will inevitably end soon, and that a united and modern Serbian state can only ensure its stability in a natural way if it realizes that that stability is derived from the harmonious equilibrium of its traditionally recognizable and economically logical units;

Aware that in the process of the changes that are under way, the territorial and state-legal reconstruction of the former SFRY has received international recognition, with the exception of the former republics of Serbia and Montenegro, whose regimes, without truly democratic consultation of the citizens, have carried out the transformation of the territories under their authority into a "truncated" federation under the name of the Federal Republic of Yugoslavia [FRY];

Noting that the Republic of Serbia joined that federation, which is distinguished by the significant presence of confederal elements, as a nominally complex community with two autonomous provinces, whose autonomy, however, has been virtually destroyed under ruthless pressure from the centralist-oriented current republic authorities, which in Vojvodina are allowing the apparent preservation of certain forms of autonomy, but only as a decoration emptied of any substance;

Feeling that autonomy can only have real meaning and value in a democratic society, because only such a society in complex communities accepts and ensures the autonomy of political entities, which is, of course, of particular importance for social communities in which, as a result of ethnic, cultural, and religious pluralism, social groups are created in which a feeling is developed of special membership in a smaller entity within the political community of which they are an integral part;

Convinced that the forcible centralization that is being carried out by the present republic authorities conceals an aspiration for the creation of a national state and not a state of citizens, even though that is what Serbia declares itself to be in its constitution;

We support the statehood of a Serbia built on a civic principle and regional organization, and not on the principle of domination by the majority nation and a centralized system; it is only in a state that recognizes the independent identity of citizens and the right to difference that the formation of autonomy gains its full meaning as a means of expressing both differences and democratic integration into a broader community.

We view the province's autonomy as the constitutionally regulated and guaranteed expression of differences (cultural, economic, national, religious, historical, and geographic), and not as a means of usurping the characteristics of a sovereign state entity, opposing the broader community, or fulfilling secessionist pretensions. Autonomy implies the decentralization of authority, a division of jurisdiction, and the independent handling of public affairs that directly affect the province. In accordance with this, we urge that in the process of democratic decisionmaking, real autonomy be established in Vojvodina and in Kosovo, in which the areas and extent of autonomous rights and privileges would be determined differently, in accordance with the needs of their citizens and the interests throughout the community.

The need for autonomy as defined in that way is a result of the fact that Vojvodina is a particularly multinational, multireligious, and historically founded area, as well as of the trends and laws of modern development in the world, and the need for real and more rapid development, primarily of Vojvodina itself, but also of the Republic of Serbia and Yugoslavia. It has always been an area in which harmonious relations have quickly been established between those who have arrived in this area, borne by a desire for a better life or fleeing from disaster, and those who came here earlier. Establishment of an appropriate status for the Province of Vojvodina is the most important precondition for the acceptance and resocialization of innocent people who, in these troubled times, will have to seek a more permanent refuge here for themselves and their families.

Substantive Framework for the Autonomy of Vojvodina

In order to preserve, nurture, and enhance the special features that characterize Vojvodina, we feel that in order to achieve its autonomy it is essential that it possess autonomous, genuine, and otherwise determined privileges in the following areas:

—economic, expressed through the right to manage natural resources and those created by labor, as well as the right to regulate and control the environment and land management planning;

- educational, expressed through the right to participate in adopting and carrying out educational programs at all levels of education;
- cultural, expressed through the right to conduct our own cultural policy in all areas and forms of cultural life;
- scientific and technological-developmental, expressed through an independent scientific and technological policy, coordinated with the broader community;
- information, expressed through the right to initiate and regulate our own newspapers and other news media and conduct an independent policy suitable for the needs of this area;
- legislative, executive, and judicial, expressed through the right to set standards and regulate relations, as well as settle disputes only in the areas in which autonomy is exercised;
- regulating interethnic relations, especially the protection of minority rights, in all areas covered by Vojvodina's autonomy.

Means of Ensuring Vojvodina's Autonomy

In order to ensure achievement of the substantive framework for autonomy successfully, fully, and permanently, it is necessary for Vojvodina as a sociopolitical community to occupy a definite position in the narrower and broader state community of which it is a part.

According to our understanding, that position should be ensured through the following solutions:

- Vojvodina is an autonomous province as part of the Republic of Serbia and the Federal Republic of Yugoslavia, in which it voluntarily associates by the will of its citizens.

The autonomous province of Vojvodina adopts its own constitutional document regulating its internal order and its position in the Republic of Serbia and the FRY.

Changes in the status of Vojvodina within the system of the Republic of Serbia and the FRY, as well as the accession of new members to the federation or its transition to other forms of mutual association, are only possible with the agreement of the competent authorities of Vojvodina and its citizens.

The internal administrative system of the autonomous province of Vojvodina is based on a high degree of local self-management, ensuring, among other things, effective realization of the rights of national minorities. For this purpose areas are formed, based on specific historical, economic, ethnic, and cultural features, which are constituted as a community of opstinas.

The Reformist Democratic Party of Vojvodina [RDSV] sees Vojvodina as a modern European region, which has

an interest in associating in broader regional international associations, based primarily on common economic interests. Furthermore, in the areas in which Vojvodina exercises direct and genuine autonomy, it is authorized to realize its interests directly in those associations.

In advocating broad political, economic, and cultural autonomy for Vojvodina, as a complete entity in the form of a modern European region, the RDSV feels that this advocacy, with all its lasting relevance, is now appearing as a priority task within the framework of preparations for the Conference on Yugoslavia at the end of August in London. The RDSV sees Vojvodina as an essential component of the state and legal-political structure of the Republic of Serbia and the FRY, whose democratic relationships would be consolidated and guaranteed by the decisions of the London Conference.

This text was adopted as a proposal for the Main Committee by the RDSV's Executive Committee at a meeting on 13 August.

Parties' Reaction

92BA1387B Belgrade BORBA in Serbo-Croatian
18 Aug 92 p 12

[Article by Z.S.: "Perfidious Provocation"]

[Text] *The SRS [Serbian Radical Party], of course, was the first to react most harshly; the Democratic Party for Vojvodina condemned the SRS's threats against the Reformists; the Vojvodina SPS [Socialist Party of Serbia] considers this document a perfidious political provocation.*

Novi Sad—The first political party that reacted to the positions expressed in the "Declaration on Vojvodina" by the Reformist Democratic Party of Vojvodina [RDSV] was the SRS, or rather its district committee for Juzna Backa, whose communique was signed by the committee's chairman and federal deputy Milorad Crljanin. It thinks that "the RDSV, which is continuing the sinister traditions of Josip Broz and Ante Markovic underneath a false story about regionalization and decentralization, is demanding statehood for Vojvodina and Vojvodina's right to join broader international associations."

The SRS, as the communique warned, will not allow the use of democracy to turn Serbian Vojvodina over to the former "masters" and occupiers, and the introduction of unrest and divisions into stable Serbian Vojvodina; and if the currently ruling party does not want to stand in the way of Broz's and Ante's children, then it should announce that publicly to the citizens. It also says that the SRS will do everything possible to preserve the integrity of Serbia and all Serbian lands.

It was not the content per se of the Vojvodina Reformists' declaration, but rather the SRS's positions, to which

the Democratic Party's interregional committee for Vojvodina reacted yesterday. This committee's positions state:

"We are expressing our shock and deepest indignation over the publicly uttered threats that the SRS regional committee addressed to the RDSV in connection with its 'Declaration on Vojvodina.' Such methods for settling political accounts do not contribute anything at all to the very necessary democratization of Serbia or to improvement of its image in the world. We are sending a message to the SRS that it should let us people of Vojvodina live in peace, and that it has no need here to conduct its quasi-defense of Serbian interests in the way that it has been carried out from Karlobat to Virovitica, and that has led to the point that today the world associates the name of Serbdom with the most sinister fascism."

Yesterday's meeting of the leaders of the SPS opstina committees at the SPS provincial committee in Vojvodina, which was also attended, as reported, by Dr. Petar Skundric, the general secretary, and Tomica Raicevic, a member of the executive committee of the party's main committee, was, from all indications, an opportunity for reactions in connection with the "Declaration on Vojvodina" published by the RDSV.

In a discussion at the provincial SPS, it was felt, judging from the communique, that "the recently published RDSV 'Declaration on Vojvodina,' under the conditions of one-sided and ruthless pressures by the powers in the international community and the EC against Serbia and Yugoslavia, represents a perfidious political provocation." It was felt that it was a deliberate encouragement to all those who are displaying an interest in breaking up and destabilizing Serbia and Yugoslavia, dividing the Serbian people, and introducing unrest and divisions among people who have been building, strengthening, and preserving human values of coexistence in this region for decades.

DEPOS Declaration Threatens Autonomies

92BA1375B Belgrade VREME in Serbo-Croatian
24 Aug 92 p 8

[Article by Nandor Major: "The Twilight of Autonomies"]

[Text] The declaration of DEPOS [Democratic Movement of Serbia] concerning Serbia's territorial integrity has caused a real storm in political life in Vojvodina. That is, by seeking a form of "regional organization," which on the one hand would preserve the national interests of the Serbs in territorial indivisibility and the governmental unity of Serbia, while on the other hand would favor democratic aspirations, that declaration has proposed an orientation toward effective regional decentralization with reliance on broad local self-government. Serbia would thus be divided into a certain number of regions that constitute natural entities from the social, cultural, and economic viewpoint. Sumadija, Banat, and Metohija are given as examples. The regions would have

their own assembly and executive bodies, they would adopt their own legislation, they would even have their own sources of financing, but they would not have legislative and judicial authority; that is, they would not be endowed with the features of territorial-political autonomies. That is, the assessment is—and this is the essence!—that such autonomies constitute a threat to the integrity of the state and that the present autonomies need to be abolished.

The DEPOS declaration also touches upon the territorial aspects of minority problems. Ethnic minorities are being offered the customary "special" rights so long as they live in Serbia. Nevertheless, they are being accommodated in the sense that opstinas in which they constitute a majority of the population will not be artificially broken up and annexed to different regions, but will rather be preserved in toto. There would thus be four regions (Kosovo, Metohija, Southern Raska, Northern Backa) in which ethnic minorities would have a majority. Those "minority" regions would not have a special status in any respect compared to other regions in Serbia; in them, members of ethnic minorities would have the same rights as everyone in all other regions. They would enjoy the sole advantage offered by the opportunity to create a majority in the regional and local self-government. Affairs of state would remain far out of their reach.

Even this suggests the reasons why the Reform Democratic Party of Vojvodina, itself a factor in DEPOS, distanced itself in public from several positions expressed there the very next day after the declaration appeared. Above all, it finds views one-sided, superficial, and hasty which see the very existence of political autonomies as a source of instability, threats, and conflicts in Serbia, and accordingly it rejects the idea of doing away with the autonomy of Vojvodina, it opposes the division of Vojvodina into several smaller regions, and it does not see that formation of an "ethnic region" in Vojvodina would contribute to "any stabilization at all."

But that was not to be the end of it. Within a period of a few days, the Reform Democratic Party of Vojvodina also issued a declaration, this one concerning Vojvodina. It, of course, came out in favor of broad, political, economic, and cultural autonomy, that would also embrace legislative, executive, and judicial authority. There is no doubt that it has the backing of a sizable portion of the population in this. It is striking that the declaration devotes particular attention to the status of Vojvodina. The Reform Democratic Party obviously attributes to Vojvodina a certain original sovereignty, which was brought into Serbia and Yugoslavia, but which was not thereby extinguished. This is evident from the fact that, according to the declaration, Vojvodina has a dual status: It is "a part of" Serbia and Yugoslavia, "which it is a part of by the will of its citizens." This implies the attribute of an "element of a federation." This is evident from the fact that Vojvodina independently regulates its status in Serbia and Yugoslavia by

adopting its own constitution, and changes in its status are possible only with consent of its bodies. It is also evident from the fact that Vojvodina, as a "European region," retains the right to independently join "broader regional international associations"—that is the third dimension of its status—and in those associations it directly pursues its own interests in matters which concern its original autonomy. Only at the end of the declaration is it evident that the Reform Democratic Party of Vojvodina feels its task to be establishing this status of Vojvodina and guaranteeing it in the decisions of the London Conference on Yugoslavia.

Is there a chance, then, that the demands of the Reform Democratic Party of Vojvodina will be implemented, or is this a question of proclaiming a "political ideal" for purposes of knowledge and comparison? It turns out to be the latter. The question that necessarily arises, that is, is why the autonomy in Vojvodina has so far been realized only in its "communist version," and in spite of a long tradition, never in its "civil variant"? The fact is this: For establishment of the "communist variant," all that is necessary is the commitment of the top leadership of a one-party state to the effect that Vojvodina would not be a republic, but an autonomous province in Serbia. And because an autonomy represents an "allowance" of independent performance of certain functions which are in the jurisdiction of the sovereign state, the "civil variant" of autonomy could be established, first, only if a majority in the Serbian Assembly were willing to "relinquish" those powers to Vojvodina, or second, if that same Assembly consented to the citizens of Vojvodina constituting the framework of a provincial autonomy by their own will, and third and finally, if a certain "meaningful" autonomy were established by international pressure.

The first two possibilities are out of the question: We can expect that the parties which following Milosevic will establish "civil government" will work on the ultimate disappearance of autonomy in Vojvodina. The DEPOS declaration merely confirms this. And it is true: The autonomy in the "socialist variant" has been completely vacated in recent years and had neither purpose nor justification. But the third possibility, that is, that autonomy be "imposed" by international pressures, even if by means of the London conference, has been defused in advance: "Arbitration" is already preoccupied at present in working out protection of minorities, not with the status of a province which, it seems, had already been betrayed earlier.

Details on Conflicts of Democrats in Serbia

92BA1375C Belgrade NIN in Serbo-Croatian 21 Aug 92
pp 18-19

[Article by Rade Rankovic: "Who Are the Democrats?"]

[Text] A day or two after he returned from his U.S. trip, Dragoljub Micunovic told his impressions of his stay in

the United States to a group of newsmen in the restaurant of the Serbian Assembly. Mihajlo Kovac and Mirko Petrovic were sitting at a table behind him. The members of what at that time was still the same Democratic Party [DS] did not greet him even with a nod of the head.

A bit later, Mihajlo Kovac and Mirko Petrovic put questions to the newsmen about the results of Micunovic's stay in the United States. The conversation quite logically carried over to the situation in the Democratic Party. Although there was already a serious bind among the Democrats, the word "split" was not uttered.

It is worth recording, however, that these two deputies did not greatly mince words about their party and its leader. Serious terms like "Caesarism" or "Titoism," uttered at the time, could only contribute to creating the picture of the situation of the Democrats.

Vojislav Kostunica, president of the Democratic Party of Serbia [DSS], so it is said, had had a conversation alone with Micunovic just five days before, and then he said in an open conversation that he is remaining loyal to the line of the DS. There was, of course, no question of a separation.

"I was very surprised when I heard what happened. I thought it was a question of some panel discussion they were organizing," Zoran Djindjic said.

What followed then is the classic story of a conflict between two currents of one party. Press releases followed one upon the other, the newspapers carried exchanges of fire, and there was counting of members and opstina committees. The upshot of it all, it seems, is that the two currents and their representatives are no longer on speaking terms.

Nevertheless, the filling for the democratic cake was prepared by none other than the Serbian minister of justice. His ministry refused to register the Democratic Party of Serbia. Minister Cetkovic alluded on that occasion to the Law on Political Parties; that is, registration of parties with the same name is prohibited. According to the decision reached in the ministry, the name of the new party differs only in the addition "of Serbia," which, in Cetkovic's opinion, is not enough.

Lexicopolitical Disagreement

Whereas the other opposition parties are mainly keeping silent about the friction among those who thought alike until just yesterday, they are making themselves heard loud and clear in their dispute with the government. The essence of their message delivered in press releases is almost identical: The regime is continuing with deceptions, and is clearly displaying its intentions just in advance of the fall election.

The Serbian Renewal Movement [SPO], the backbone of DEPOS [Democratic Movement of Serbia] along with the DSS: "If the Justice Ministry does not register the party under the name proposed, appropriate steps and

actions will be taken." In an instant, the problem is transferred from lexical to political waters. Neither the followers of DEPOS nor the DSS, incidentally, hide that.

"We will undertake appropriate forms of political pressure," says Mirko Petrovic (DSS). The briefest translation of those words would be: demonstrations. The legal method—instituting an administrative dispute before the Supreme Court of Yugoslavia—remains in the background.

It can freely be said that the Democrats have suffered a fate similar to that of the Socialists. Aside from the fact that the two parties have split, in both of them the problem arose over the question of where to go from here?

The dissatisfied Socialists, who felt that the SPS [Socialist Party of Serbia] must urgently undergo change and get rid of its rigidity, could not wait any longer for the congress, and they left. That is how the Social Democratic Party [SDP] was formed.

It seems that neither group of Democrats are giving up their ultimate objective: removing the Socialists from power and creating a civil democratic society. But the DS Main Committee could not agree on the question of how this is to be done.

While the current around Micunovic and Djindjic felt that the style up to now, perpetuated in numerous rallies, demonstrations, and strident public statements must change, Kostunica and his circle judged that this means abandoning the party's program and objectives.

"Our meeting of the Main Committee were often reminiscent of sessions of the Serbian Assembly," the people in the DS are now revealing.

From what reached the public (the meetings of the Main Committee were behind closed doors), perhaps the most striking was the vote on the decision of whether to take part in the federal and local elections. The proposal that the DS take part in the election failed to pass by only two or three votes.

Nevertheless, although they did not take part in the election, the Democrats (Micunovic's current) are taking part in the federal government. Aside from Miodrag Perisic (whose membership in the DS is frozen), as they say, "in Panic's government, there are two or three others who are his men." DEPOS did not welcome that detail.

The Cover-Up Failed

The second dispute occurred precisely concerning DEPOS and then also the St. Vitus' Day Assembly. Whereas Micunovic and Djindjic felt that the DS should not join DEPOS, but only support it, Kostunica and Petrovic called for the opposite. The disagreement took on still sharper dimensions at the Assembly itself.

Micunovic went on his U.S. trip at precisely that time, and Djindjic went to Germany. Their opponents (in the opposition, not the government) could hardly wait. Two leaders of the DS proclaimed them "traitors" for running in fear from the civil war which is seriously threatening at this time.

A banner opposing Dragoljub Micunovic was seen for the first time at the St. Vitus' Day Assembly. The press release of the democratic youth, which did not spare the leaders of the Democratic Party, was read over television and caused a storm.

The threat of a split in the Democratic Party hung in the air. Nevertheless, silence was maintained in public, and everything was kept secret in order to cover up the thing while that was still possible.

After everything that happened, the only thing not in dispute is that Serbia is crawling with Democrats at this point. There are a large number of parties whose name basically contains the two fatal words (at least for Minister Cetkovic) "democratic" and "party": Democratic Party, Serbian Democratic Party (for Serbia), Democratic Party of Freedom, "Davidovic-Grol" Democratic Party, Democratic Pedagogical Party, Democratic People's Party, and the still unregistered Democratic Party of Serbia.

Nor are matters any better with the Radicals: the People's Radical Party, the Serbian Radical Party, the Old Radical Party, the "Nikola Pasic" Radical Party. There are only two "species" of liberal parties: the Serbian Liberal Party (from Valjevo) and the Liberal Party.

Alliance of All Democrats

The fact that there are at least 70 parties in Serbia provides sufficient evidence of the troubles of those who would like to "christen" some new party. But the very fact that there are six (plus one) democratic parties, or slightly fewer radical parties—and the fact that they are all registered, does cast doubt on the decision of the Justice Ministry.

In this connection, Velimir Brankovic, president of one of the democratic parties, the SDS for Serbia, told NIN: "I told Mr. Kostunica and Mr. Stojanovic that their decision to separate from the Democratic Party is a matter of political conviction. But it is our opinion that using the name Democratic Party of Serbia is not fair toward the voters in the election. It is also unfair toward the parties that already exist."

In the opinion of Velimir Brankovic, this creates confusion in the minds of the voters, who cannot sort out all the democratic parties.

"This is also happening with the Serbs in the diaspora. In the United States, I was frequently asked whether we are with Micunovic or he with us," Brankovic continues, and revealed the interesting idea of creating an alliance of Democrats, an idea sponsored by the SDS.

"If we are all Democrats, we should have at least 70 percent in common. That other 30 percent of difference, then, cannot set us at odds with one another."

Nevertheless, it should be said that only two or three of all the democratic parties are actually operational if one does not count written press releases. The Democratic Party of Freedom or the "Davidovic-Grol" Democratic Party, for example, have rarely appeared in public since the December election. On the other hand, the Democratic Pedagogical Party will be remembered for its attacks on the opposition, its demands, and the support that it has given to the authorities.

Thus there remain only the Serbian Democratic Party for Serbia, the Democratic Party, and the unregistered Democratic Party of Serbia.

The position on which the majority nevertheless agrees is that it is a good thing for the Democrats and indeed for the entire opposition that this split occurred at least two or three months before the announced election. There is enough time for the shock that occurred with the split to be absorbed.

Democratic Party Vice Chairman on Rift

92BA1379B Belgrade BORBA in Serbo-Croatian
22-23 Aug 92 p XI

[Interview with Desimir Totic, vice chairman of the Democratic Party, by Dragan Belic; place and date not given: "Clash With Erroneous Founders: Desimir Totic, Democratic Party Vice Chairman, on Rift in Party"]

[Text] *Vindictive and petty bourgeois communists, realizing that a centrist party cannot easily move to the right, left the Democratic Party. They are hungry and desirous of power at any price, even though they suspect others of "plotting" with the government.*

[Belic] Mr. Totic, you are a witness to the second split of the Democratic Party. As its vice chairman, however, you have made optimistic statements in this regard. Certain dissidents have attacked you as the "splitter of the opposition." Independent of all this, you were also a witness to the split of the Democratic Party before the war, during the era of Ljuba Davidovic and Milan Grol, and in this regard you probably have some organizational experience from the Liberation Alliance over a period of more than four decades?

[Totic] Between the two wars the Democratic Party experienced two major breakaway movements, one in 1923 and the other in 1929. Still, it seems to me even today that there were far more serious, although not easier reasons than today, for breaking away from Davidovic. In 1923, Svetozar Pribicevic broke away with his Serbs from Croatia, as well as with certain Croats and Slovenes (Grisogono, Zerjav), who hysterically defended the crazy idea of an integral Yugoslav people. They were also against revising the 1921 St. Vitus' Day Constitution, which was otherwise, in terms of political and social

content, exceptionally progressive, and even took some of its provisions from the socialist Weimar Constitution after World War I.

In 1929 a greater wonder took place in the Democratic Party: People of high standing, such as Vojislav Marinkovic, or people of exceptional abilities, such as Kosta Kumanudi and Ilija Sumenkovic, in one way or another accepted the dictatorship of King Aleksandar, who banned all political parties, including the Democratic Party. But this did not keep the Democratic Party from receiving the largest number of votes among Serbian opposition parties in the 1938 elections, which were undemocratic anyway.

[Belic] As a young man, a student, how did you react to all of that, and were there similar manifestations among other young people?

[Totic] I have always been in favor of people thinking things over for a long time before joining a political party, and once they join it not leaving it at the first problem that emerges. During my student days, Evgenije Jurisic, my friend from secondary school, wanted to leave—to break the youth away from the party, but I did everything I could to convince him not to go, and he listened to me.

Right-Wing Vindictiveness

[Belic] The first departure of founders of the Democratic Party in early 1991 and the breakaway now in mid-1992 constitute a significant phenomenon. You are an appropriate witness—you were not directly involved on either side, but you have also been in the leadership of the Democratic Party since back in September 1990—to provide an answer to this: Do these two breakaway movements have some sort of ideological basis or are they simply personal, as is our custom?

[Totic] Of course there is an ideological basis, although in the first case it was primarily the heating up of personal animosity to the limit. As you know, the main figure in the first "split"—as you inaccurately call it—lost elections on two occasions, once to Slobodan Milosevic, if I am not mistaken in the leadership of the Socialist Youth in the 1970's, and in the 1990's lost to Prof. Dragoljub Micunovic. That figure will pursue those two men, primarily on a personal basis, for the rest of his life.

In the case of the second "split," the issue is much more ideological than personal. These are in fact "erroneous founders" of the Democratic Party. These are certain people who for years appeared to themselves and to others to be liberal people and who, accordingly, were able to be founders of a centrist party. However, partly because of their personal mistakes—they were not liberals after all, but rather rightwingers, vindictive and petty bourgeois anticommunists—and partly because of the realization that a centrist party cannot easily move to the right, these people left the Democratic Party, because

hungry and desirous of power, they will achieve it at any price, even though they suspect others of "plotting" with the government.

[Belic] But how is it possible that respected people, doctors of science, can be "erroneous founders"?

[Tosic] You, like the majority of our public opinion, assess the significance of our Balkan intellectuals to politics, and there is no better case anywhere in the world today. At one time intellectuals, real intellectuals, played as large and important a political role in France, for example, but that era is over. However, we in our country unfortunately do not have a real social class on which we can rely in organizing parties. We have neither farmers nor workers nor the bourgeoisie in the Western European sense. We have an amorphous mass of small, fragmented groups or completely atomized individuals who are hard to organize, because they have gotten their hands on yet another resource: They are "sovereign citizens" in the sense of Titoist self-management. There is such a large number of presidential candidates among them. Our parties emerge not so much because of ideological problems as because of presidential scepters, to paraphrase someone no lesser or greater than Napoleon. What is so tragic here is that behind every such pathological case of a presidential candidate you always have a hundred people in the entourage and perhaps even several thousand voters.

[Belic] There is another question that arises concerning our "factionalism." Is this not our national disease, our genetic problem, if it can be phrased that way?

[Tosic] Certainly, but perhaps this should be explained. We Serbs are not integrated as a nation, and after communism we are not integrated as a society either. We comprise various "pieces," parts, both nationally and societally, so understandably this is true politically as well. We are a religious society, and our convictions are neither deep nor final. Just look at national self-designation for the census. It changed from census to census. We are still psychologically a farming and livestock-breeding society, so that we are still like "hajduks," conspiratorial.

Our nervous system has always been unstable, especially in the people of the Dinaric mountain region. In this sense, Zoran Djindjic is right: People lack the nerve for talks, for negotiations, and for losing elections. Victories and defeats need not convince us that it is over for someone at that moment; rather, they should impel us to patience and work. Furthermore, there are no moral choices, no moral rules. Take the latest case with DEPOS [Democratic Movement of Serbia] and the members of the Academy, at least some of them, who until yesterday were either sedentary anticommunists or obedient Milosevists. Those who declare themselves "uniters" of the opposition did not dare—for moral reasons more than for political ones—not only to allow a group to

leave the Democratic Party, "because of DEPOS"; they also did not dare to show up at the founding meeting of the new party.

Heroes, who did not overturn Milosevic, nevertheless managed to momentarily attack the opposition Democratic Party. Thus, no one is defeating us; we are defeating ourselves. In accordance with all this, the greatest attack is being carried out by those who are uniting in word or grieving for the unified Serbian nation. This is our drama, socially, nationally, and politically.

[Belic] You mentioned former communists who have become anticommunists. That was in fact your favorite subject. How do you regard this problem after living in the country and two years of work in the Democratic Party?

[Tosic] As the loss of that great historic instinct that Serbia had in the last century and the beginning of this one! These phenomena of the "persecution" of former communists do not exist to such a frightening extent in any former Yugoslav republic, not even in Montenegro. The actual problem is not that some mass of anticommunists is persecuting former members of the CPY [Communist Party of Yugoslavia] and League of Communists. The problem is that certain former communists are persecuting certain former communists! To make the picture and problem even more confusing and comical, certain noncommunists are "pardoning the sins" of certain former communists, but only those who engage in anticommunist shouting matches today. Those are my "enraged anti-Bolsheviks."

Iron Unity of Opposition

These anticommunist prima donnas of ours from the noncommunist ranks are playing an infantile game: Based on the stance and work of enraged anti-Bolsheviks, they are building up their esteem and popularity. And then they suspect those former communists who today have adopted a rational political position, that position being the "middle line." Any respectable former communist has no right, morally, to an extreme position, in the sense of anti-Bolshevism. And if we had a morally politically sensitive society, it would have easily eliminated the present-day "enraged anticommunists" among the former communists.

But on the other hand, that is also a political-moral problem. How do people conceive of a "government of salvation" without their current so-called socialists of Slobodan Milosevic? Are these people, these enraged anti-Bolsheviks and their prima donnas from the ranks of anticommunists, deceiving themselves with the idea of a "government of salvation" or consciously lying to their supporters and voters?

[Belic] What is a political party to you, and what should be done in this age of ours: How should we achieve a final democratic society?

[Tosic] Political parties have vilified here ever since they were born; it is unclear which dynasty enjoyed greater success in this regard, the Obrenovices, the Petrovices in Montenegro, or the Karadjordjevides. The communist system went further and deeper in the vilification of parties, but its success was much greater than people think, even anticommunists, because communism was a philosophical, ideological theory. The idea of a perfect society and perfect political party is a communist idea. Success or power at any cost, the ends justify the means—all of this has been inherited from the communists even by our enraged anti-Bolsheviks.

Thus, we do not yet live in a democratic society, but rather in a postcommunist one, and that means that we are still living partially under some sort of communist regime in psychological terms, not under communism in terms of ideology and system. Communism represents yet another basic idea that is well-developed in our society: antipluralism. Many people in opposition parties claim to be interested in "iron unity." Or, their leaders cannot conceive of not enjoying "99 percent" popularity. And finally, the way in which the enraged anti-Bolsheviks act against their former party friends is a purely Bolshevik manner, even though there is no ideology here.

[Belic] Should we understand from your explanation that "all" former members of the League of Communists have become anti-Bolsheviks, and extremists at that, or are there some of them in all parties?

[Tosic] The vast majority of former communists are active as citizens in various parties, their former leaders are completely retired, and I would say—and this will strike you as a compliment—that they are holding up better than the extreme anticommunists heading up opposition parties, better even than the noncommunists. Believe me, I notice the communist psychology more often among the former than among the latter. Naturally, I am not considering those people who did dirty or criminal work in that regime, but the majority of LCY [League of Communists of Yugoslavia] members knew the truth even before 1989, that the old regime, and thus the remnants of the old regime, Slobodan Milosevic, was finished for all time! The only question is when and how these remnants of the old regime will be definitively eliminated. In order that we can achieve democracy!

Kostunica on Alleged Cosic-Micunovic Link

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[Interview with Vojislav Kostunica, president of the Democratic Party of Serbia, by Slavica Tanasijevic-Lazic; place and date not given: "The Cosic-Micunovic Axis"]

[Text] [Tanasijevic-Lazic] Along with your sympathizers, you left the Democratic Party [DS] and founded the Democratic Party of Serbia [DSS]. Wasn't there any possibility of fighting within the DS to have the goals of

its program respected? From your statements during the past year, one could get the impression that a "separation from table and bed" will nevertheless not happen, and that the differences will be overcome "within the family."

[Kostunica] My assessment today is undoubtedly that that process of reconciliation, or more precisely the existence of two factions in the DS, could not have been kept within the framework of one party. They could have been kept only under the assumption that the majority formed in the DS's main committee in connection with the DS's joining DEPOS [Democratic Movement of Serbia], which was against joining, would have been willing to respect the minority's right to independent action.

Every democratic party stands or falls on the issue of its attitude toward the minority or individual. Where the rights of the minority or individual are not respected, there is no democracy. In a party that bears that name, it would be natural to expect the minority to have more rights than it formally has. That is the test of democracy. In this case, there was not even any willingness to respect the minority's rights established by the statute, much less to have the DS function as a sort of association or federation of different factions. There was no willingness for either, and that is the reason why these two parts of the party had to separate and the DSS had to split off into an independent party.

The occasion was more serious, however, than this issue of internal party democracy, which obviously did not exist in the DS. The occasion and reason for the separation lies in the fact that two completely different political programs crystallized in the DS at the same time. One was the original political program of the DS as a principled opposition democratic party that cooperates with other democratically oriented democratic parties, and uses principled reasons and a democratic program to oppose the ruling party—that DS program ceased to be acceptable to a majority in the DS, which renounced that program. The DS had two programs at the same time, two souls in one body, and it could not survive as one party. That is how the DSS came to split off into a separate party. That separation was also spurred by organizational and internal party reasons, but also by very serious programmatic political reasons and differences. I think that the latter were more crucial, and even if there had been real democracy in the DS and willingness to respect a different minority opinion, two such radically different political programs could hardly have been kept under the auspices of one party.

Identity and Consistency

[Tanasijevic-Lazic] When the dispute with the president of the DS started, and why did you believe for a long time that it could be settled within the framework of that party as it was? Are there opinions that you were a little too late in leaving?

[Kostunica] Those differences began to appear a year earlier. The real reason for the occurrence of disputes was because of the unwillingness to cooperate with the opposition parties with a democratic orientation. That was what the first divisions were about, although I must say that at that time it did not seem to me and my friends that the differences were that serious and that they would lead to this outcome. It turned out later on that this unwillingness to cooperate with the other opposition parties was not just a matter of the current political situation or suspicion about individual opposition parties; instead, it was a principled position. Naturally, there are also a lot of personal elements in that unwillingness to cooperate. That issue was repeated once more at the time when DEPOS was formed; it represented a formula that could hardly be criticized. It is a completely loose alliance of political parties, in which prominent nonparty figures and nonparty institutions also participate. Consequently, everything that had political opposition democratic significance in Serbia was in DEPOS. The procedures for joining DEPOS were extremely liberal, and could have been changed.

The offers that were made to the DS by the DEPOS council and its negotiators were such that the DS could even have joined DEPOS under special conditions. It could have dictated the terms for joining DEPOS, and after joining DEPOS it could have left it. Joining DEPOS did not also entail at the same time an obligation to remain in DEPOS. Several talks were held with the DS leadership, and then it actually turned out that there was not one single way, no possibility at all, for the DS to join DEPOS, even though DEPOS represents a form of uniting the opposition that is much broader and much more acceptable for those who are not inclined toward this type of cooperation than previous forms, such as UOS [United Opposition of Serbia] or USDO [United Serbian Democratic Opposition], or the Democratic Opposition of Serbia. It seems to me that the real explanation of why that offer was not accepted was given by Vojislav Seselj, who commented at a press conference that the DS's joining DEPOS would be equivalent to political suicide. Obviously Seselj's opinion was shared by the DS's leadership when it refused to join DEPOS. It turned out that that part of the party was not willing to do what democratically oriented opposition parties have done throughout East Europe in former communist states.

By cooperating with each other in different opposition blocs, they have succeeded in overthrowing the communist regime. There is no other way to oppose those authorities except for the opposition forces to ally with each other. That way was rejected, priority was given to individual action by the parties, and it was claimed that it was important to preserve political identity and the purity of party action. It turned out, however, that this scrupulousness about preserving the party's political identity and its purity is not so great when it comes to cooperation and contacts with the ruling party and with certain other opposition parties whose opposition nature

is dubious. The dispute over DEPOS was thus formed by the DS's position that the right thing to do is to be considerate toward the authorities, and inconsiderate toward the opposition parties.

Cosic Instead of a Program

[Tanasijevic-Lazic] In response to the news about part of the membership splitting off into a new party, Zoran Dzindzic stated that he was surprised by your hasty reaction, since he believed that institutional possibilities within the party for settling the dispute had not been exhausted. Dragoljub Micunovic was surprised, because you had not raised the issue of ideological differences until then. What do you say?

[Kostunica] Those issues were raised for a very long time. They were discussed endlessly at meetings of the DS's main and executive committees, and they always ended unsuccessfully. Some "strong" reason was constantly found for not cooperating with the other opposition parties, or else that cooperation was portrayed in such a way and caricatured that it was all clear in advance. I would like to add to this that at the same time, the effort to bring about an alliance of the opposition parties was being made not only by one group in the DS, which today comprises the DSS, but also by many prominent figures in DEPOS. Some of them, after the innumerable talks that they had with Dragoljub Micunovic and Zoran Dzindzic, could say with resignation, "I would not have reassured and begged my own brother as much as I did in talking with the people who head the DS." Consequently, there was no way to change anything either inside the DS or outside the DS.

[Tanasijevic-Lazic] Dragoljub Micunovic's willingness to collaborate with the authorities is not new; it was also pointed out by the founders of the DS, who withdrew a year ago and founded the Serbian Liberal Party. Dobrica Cosic found his only base and safe ally in the Serbian opposition in Micunovic. Please shed some light on these circumstances.

[Kostunica] Tacitly, without any open discussion, part of the DS leadership began to follow the political strategy of Dobrica Cosic and some of his political sympathizers, and in practice that meant breaking away from the DS's original program. In any case, what is most striking is that the infiltration of Cosic's political program into the internal life of the DS was never brought to light, it was never publicly stated, it was never explained so that then it could have been discussed. It was tacitly, gradually, through a political document that is called "Platform for Preventing Civil War in Serbia," brought into the program, or rather, it replaced the original DS program. We who later found ourselves in the DSS agreed to that experiment in order to see what the fate of Cosic's platform for preventing civil war in Serbia would be like—a civil war which, as you see, is not even in sight, but all the measures in the Platform were adapted to that fact. He experienced a fiasco in the Assembly.

Nothing was achieved through that policy of complete concessions to the ruling party in Serbia, none of the relevant issues was raised, and that was one more sign to us that we were right in our principled radical demands. The DS, however, headed by Dragoljub Micunovic, remained consistent to Dobrica Cosic's program and that sort of "ivy policy" that actually tries to change something in Serbia through some small, microscopic, and invisible shifts. What represents a particular problem is the fact that this "drop by drop" policy may also contribute to strengthening the present authorities in Serbia. That is happening at this time. Perhaps Dobrica Cosic does have certain other ambitions, but at this time the Cosic-Milosevic-Micunovic political axis is functioning harmoniously, in spite of all Dobrica Cosic's public and private statements that he is acting independently. For the time being, that axis is simply supporting the regime in the Serbian-Montenegrin area.

Principle of Socialist Evolution

[Tanasijevic-Lazic] Does this confirm the opinion that the neo-Marxist-Praxis wing of the DS (Micunovic, Tosic, Dzindzic) has won out over the civil-liberal wing, which is now leaving the party?

[Kostunica] They exist as a separate standpoint, and when the DS was created, we who do not belong to that ideology, political philosophy, or world view did not attribute any particular significance to it. That authentic liberal part of the DS, whose symbol was the late Borislav Pekic, in a certain way accepted cooperation with people with different ideological beliefs as a normal fact, proceeding from the basis that the regime in Serbia can be changed and a democratic system can be established through joint action. It turned out later that the ideological differences among us were surfacing. At this time, the split between the DS and the DSS undoubtedly entails a serious ideological difference in addition to the political ones. And ideological differences, naturally, are irreconcilable.

One can talk about everything else, and reach a compromise. If we come to ideology, however, the differences become insurmountable. Dragoljub Micunovic's other part of the DS is advocating something that I would call the principle of socialist evolution. It is an attempt to have a socialist system change gradually in an evolutionary manner. We do not believe in that type of change, and we are afraid of such changes, of which there have been a great many in this regime. I am afraid that tomorrow Micunovic, Cosic, or someone else will appear with a new firm—it may even be the DS—and claim that they are authentic socialists. Too much time has been lost on socialist experiments in this region to have Dobrica Cosic, Dragoljub Micunovic, Svetozar Stojanovic, and others try to carry out the experiments of Josip Broz, Edvard Kardelj, and their followers now—not in this region, but with the people who are living and suffering here. The principle of socialist evolution that Dragoljub Micunovic is advocating is unacceptable to us

at this time. We are advocating the principle of democratic revolution. It is the difference between neo-Marxist socialist evolution and the liberal standpoint of democratic revolution. We have a great responsibility to do away with the various types of reform communism, socialism, socialism with a human face, and similar disasters, and restore Serbia's democratic soul.

Majority Without Agitation

[Tanasijevic-Lazic] Can you say how many opstina committees have joined the DSS, in view of the denials that are coming from the DS?

[Kostunica] The process of determining the situation in the opstina committees and having them take a stand is under way. During August we will have the complete picture. The DS leadership was operating with a megalomaniacal number of opstina committees. When the DSS's founding assembly was held, we knew that the DS had 104 opstina committees, but they claimed in their denial that they had as many as 138 of them, which does not correspond to the truth. According to our data, among these 104 committees there is a smaller number of those that can be called politically active, and that actually do exist. Among them there are very many committees that have several members each and are virtually "dead souls" in the DS. It can be said that the DS has at most 90 opstina committees, of which over 50 will join us. The large opstina committees—in Belgrade, central Serbia, Sumadija, Pomoravlje, Branicevo, part of western Serbia, Valjevo, Banat, and around Sombor, will join the DSS. The most impressive fact is that 12 of the 16 Belgrade opstina committees will certainly be part of the DSS. If one keeps in mind the fact that until now the DS has been the "Belgrade party," and that all its deputies are from Belgrade, then isn't this a great success, not to say a triumph for the DSS? In the Stari Grad opstina, in which Dragoljub Micunovic and I were elected as deputies, the entire opstina committee has joined the DSS. If one keeps in mind the fact that this joining is the result of a political choice that was not preceded by any political agitation whatsoever, any attempts to win people over, any sort of influence upon the membership—which the DS leadership headed by Micunovic was engaged in for months—then we can be particularly satisfied.

[Tanasijevic-Lazic] Is there a way to get part of the office spaces now possessed by the DS? Micunovic stated in a DNEVNIK lead article that there would be no division of assets, and also expressed satisfaction that you had separated.

[Kostunica] Without claiming a right to the following fact, I am considered one of the founders of the DS in a very direct sense of the word, which is not formal. The first talks on the creation of the DS were started within a circle of friends that then consisted of Kosta CAVOSKI, Leon KOJEN, and myself. We invited some people to cooperate with us, and then, but not immediately, we contacted some of those who are heading the DS today.

That is part of this story, and something that a person always leaves behind him with regret, in view of the political idealism and the expectations that the issue of who would head the party would be unimportant. We thought that the membership would be the ones to head the party, and not several people or one person. Some of us wanted to be headed by a man with the purest political past and integrity, and the most outstanding intellectual biography among us, Borislav Pekic. He refused. Later it turned out that the issue of who headed the party was important, and that we were incurable idealists and in some respects politically naive. I think that it is not necessary to deal much with this issue, and that once again there will be a division in the party between materialists and idealists.

[Tanasijevic-Lazic] How was Dragoljub Micunovic able to come to head a party that is said to be Democratic?

[Kostunica] In this interview of ours, I am willing to talk about everything that divides us programmatically, critically, and ideologically, and we are divided by a great deal. About what has to do with personality, personal ambitions, and motives—I would rather leave that issue to observers, to those who will assess events today and in the near future. They will assess how everything happened.

United Deputies' Group

[Tanasijevic-Lazic] Kovac, Petrovic, and you also left the DS deputies' club. How did the same situation occur as in the party, with Micunovic imposing his authority in a club in which only six out of 15 deputies were from the DS?

[Kostunica] The reasons for leaving lie primarily in the separation of the DSS from the DS, and then in the assessment that things were happening in the same way as in the party. That was shown during the recent discussions of the "Platform for Preventing Civil War." My friends from the DSS and I had several criticisms of that platform, although we did not insist on them until the end, because we wanted to show that that platform as well, which actually did not demand anything from the socialist authorities in Serbia, would end up ingloriously in the Serbian Assembly. At one time D. Micunovic expressed acceptance and willingness to include in the platform a sentence noting, in an extremely cautious and correct way, that S. Milosevic's resignation would contribute to democratic changes in Serbia. When that text appeared publicly, we saw that that sentence was not there, and that it had been replaced by a euphemism about necessary personnel changes in Serbia. Such cases of arbitrary decisionmaking were enough for us to leave a deputies' club that does not have its own political profile, which is completely heterogeneous, but which is monolithic from above and dictated by the will of the chairman of the deputies' club. At this time the three of us have chosen to remain outside deputies' clubs. We gave up the idea of forming a separate deputies' club, because we are counting on the fact that some time the

deputies from all the parties in the DEPOS electoral coalition could be part of one group in the Serbian Assembly. That would mean that the deputies from the SPO [Serbian Renewal Movement], DSS, the Peasants' Party, and the Reformist Democratic Party of Vojvodina should join one deputies' group.

[Tanasijevic-Lazic] Even before leaving the DS, you headed the Democrats who joined DEPOS. At that time, the party presidents were not members of the council and the executive committee. Why?

[Kostunica] One of the important reasons why the presidents were not part of those DEPOS bodies was the attempt to have the DS and thus Dragoljub Micunovic himself included in DEPOS. In view of Micunovic's relations with the SPO and SLS [Serbian Liberal Party] presidents, it was concluded that for these extremely pragmatic reasons, it would be better if the party presidents were not in the DEPOS bodies. That is not the only reason, naturally. In the meantime, an idea has been initiated in the executive committee to have the presidents of the founding parties—the SPO, the DSS, the SLS, and New Democracy—including also several independent intellectuals, comprise a headquarters for DEPOS's campaign strategy, and deal directly with political-organizational and party affairs.

[Tanasijevic-Lazic] In the shifts and regrouping of the Serbian opposition, where is the DSS's place, and in what alliance?

[Kostunica] The political scene is changing very rapidly. The coalition will be formed just before the elections themselves. The DSS is staying in the center right itself and in DEPOS, which has so far undoubtedly demonstrated its strength and shown itself to be the main opposition force in Serbia. In that way it has been respected and accepted by the democratic public of Serbia and the world. It has been accepted as a hope that what happened in East Europe could happen here as well—through the unification of all democratic forces within the framework of one opposition front. Regardless of all the other differences and regroupings, the DSS will continue to act within the framework of DEPOS, but I think that there will be a lot of unknown factors concerning how the other parties will form ties and continue to act.

Name in the Wrong Hands

[Tanasijevic-Lazic] Is there any similarity between the reasons why you left the DS, and the reasons why the founders of the SLS left the DS? Let us recall that even then, the Liberals claimed that Micunovic had betrayed the party's principles because the DS had been turned into an authoritarian and collaborationist party.

[Kostunica] There are undeniable similarities in the reasons, but also differences in the circumstances and the political situation. The similarity in reasons lies primarily in the fact that in both cases, dissatisfaction was expressed with internal relations in the DS and with

something that could be called the absence of internal party democracy. At the time when the Liberals left the DS, it seemed to those of us who are now in the DSS that that act was not politically opportune, because it was happening just before the elections. The party was emerging, the elections were ahead of us, and it seemed to us that in spite of all those differences, it simply was not worth while to split the party. It turned out later that the suspicion expressed by the Liberals was correct. We can agree on that, and Nikola Milosevic said so at the DSS founding assembly. I am personally satisfied that we tried for a very long time to change something. To that extent my conscience is calmer.

The circumstances are different because with this departure, we took with us a large part, or more precisely, a majority of the DS. At the time when Nikola Milosevic and Kosta Cavoski left the party those differences had not yet crystallized as much. Now everything is completely clear and has been brought to the end. That split became ripe, and the separation took place. That is why I am all the more surprised by the behavior of the people in the DS who cannot accept that fact and are continuing a campaign against us in different ways.

[Tanasijevic-Lazic] One must sincerely regret that the idea of the Democratic Party as a genuine civil-liberal party has been devalued, and I would say irrecoverably, when it came into the hands of D. Micunovic. Was there any way to save the party's honorable name, with a two-thirds' majority, and not leave it to people who are far from respecting democratic principles?

[Kostunica] There was no way and there was no time. The possibilities for changing anything in the DS, within the framework of the procedure specified by the statute, were quite limited. We were getting advice from the opstina committees that we had to ensure adherence to the decision that at the meeting of the main committee, the chairmen of the opstina committees had an imperative mandate to represent the opinion of their own committees. At the main committee meetings here, the chairmen of the opstina committees did not vote according to the will of their own committees and members, but rather according to the will of the DS, or rather Dragoljub Micunovic. That is a problem that could not be surmounted, and an incorrect picture of the mood in the DS was always obtained. That is why the matter could not be won within the framework of the DS.

It is politically cleaner when it is carried out in this way. It is reminiscent of the schism that happened in the Radical Party in 1901, when two factions existed—one that accepted the imposed April Constitution at that time, and another that opposed it. That dispute is being repeated today. The DS was inclined not to make the issue of a constitutional assembly the central issue, even though at one time that was one of its basic demands, but we feel that we cannot accept a constitution that was imposed upon us, and dictated. We did the same thing that the independent Radicals did in 1901 when they left

the Radical Party. They separated from the Radical Party, claiming that that party had renounced its original program. The DS later arose from it. In any case, a great and beautiful name has been wasted, and it should be regretted.

Cosic's Variations Regarding Panic...

[Tanasijevic-Lazic] Comment on Cosic's statement to NOVOSTI that he did not appreciate an opposition that was falsely critical.

[Kostunica] So far Dobrica Cosic has made innumerable statements in which he tried to make the authorities and the opposition equally responsible, according to the principle of symmetry, which played a fatal role in explaining interethnic relations in Yugoslavia, in accordance with the same typically communist principle of equating what cannot be equated. He presents constant variations on that theme. He talks about the aggressiveness and destructiveness of the opposition, about the absolutism of the government and the opposition.... That balance of his changes from time to time. When he assumed the office of republic president, his criticism was directed more toward the principled opposition that will not accept his concept of a socialist evolution of little by little and piece by piece changes in the existing institutions. He calls that type of opposition destructive, critical, and unconstructive, but what is really astonishing is that he does not devote even a little attention to the false opposition that is the authorities' hanger-on.

[Tanasijevic-Lazic] How do you assess Prime Minister Panic's role?

[Kostunica] He can be surprising with his statements and gestures, introducing a carnival spirit into politics that require seriousness, and perhaps an even greater dose of irresponsibility into politics that require responsibility. Most of Prime Minister Panic's statements are contradictory, untenable, and impracticable. He is a figure who does not have political experience. It is interesting that at a critical time the Serbian authorities chose to bring two people who would insist and repeat that they did not have political experience, Dobrica Cosic and Milan Panic, to head that joint Serbian-Montenegrin state. Naturally, one could not say that Cosic does not have political experience. We can draw at least one conclusion from the fact that a certain type of opposing interests can appear in this Panic-Cosic-Milosevic triangle: If these possible antagonisms are displayed, it will always be with a view to making socialism in this region functional, because everything can be reduced to the fact that Milosevic should be replaced by Cosic and Panic.

One type of socialism will be replaced by another type, regardless of what Panic will say about capitalism or anticommunism. At the time when he was drawn in and when he had to react for the first time to the repressive measures against POLITIKA, he naturally extricated himself, like Cosic. Cosic said that he knew nothing about it all, and Panic that it was the best way—nationalizing POLITIKA in order for it to be privatized

later on! They constitute part of one system, and they have roles in a stage play that may be better than the play that has been performed so far only under S. Milosevic, but it is not the play that we want, in which a democratic system is established in Serbia.

Proposal on Conduct of Media During Elections

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["Text" of "Rules Proposed by the Ministry of Information of the Federal Government for the Conduct of Media During Preelection and Election Activities": "Framework for State and Private Media"]

[Text] *Representatives of media whose founders are the federal state, republics, and opstinas and representatives of parties participating in the elections shall establish by agreement the number and length of broadcasts and other conditions for equal portrayal; rules also apply to media whose founders are joint-stock companies, juristic persons, and civil persons....*

Article 1

Proceeding from the right of political parties that are applicants of electoral lists, as well as of candidates for electoral lists who have been nominated by a group of voters (citizens), to inform citizens of their programs and activities in the public media on equal footing, these rules are for the purpose of establishing common standards of conduct for public media and other participants in preelection activities and elections in the FR [Federal Republic of] Yugoslavia.

Article 2

In portraying the applicants of electoral lists and candidates, and in the presentation and explanation of electoral programs by those persons, the public media are obligated to respect the following principles in the production of journalistic programs and in the broadcast of radio and television programs:

- The public shall be offered information on facts and opinions that are significant to decisionmaking in preelection activities and in the elections, without giving preference to any political party;
- The political parties and candidates shall be guaranteed equality of appearance in the public media within the framework of the same daily time slots, columns, and for the same duration (depending on the number of candidates on the electoral list);
- Election propaganda and information connected with the elections cannot be subordinated to the personal or partial interests or ambitions of individual candidates or parties;
- The autonomy, impartiality, and professional responsibility of journalists and editorial staffs shall be guaranteed;
- Political convictions and any affiliation with political organizations shall not influence the performance of professional journalistic duties;
- Journalists and editors who are candidates in elections and members of the leadership of political organizations may not participate in the completion of programs and in reporting connected with the preelection campaign and elections;
- In portraying candidates and electoral programs, all participants shall respect constitutionality, legality, and the ethics of public speech;
- The right to appearance on radio and television programs and in all genres of the written press excludes insulting and belittling persons, violating human dignity, abusing children, etc.;
- Facts from the private life of an individual may be reported only with his personal consent;
- An electoral-promotional appearance by a party and candidate in public media may not contain anything that encourages the spread of racial, religious, national, sexual, or other intolerance or hatred, violence, and war;
- Commentary in individual media shall serve the function of a clarification of and professional-analytical outlook on processes and events through the program-editing prism;
- Commentary by journalists must be separate from reports providing information on political events;
- The public media are obligated to permit in their programs a public confrontation between the electoral programs of applicants of electoral lists and candidates from those lists;
- The public media are not permitted, under any circumstances, to allow the portrayal of candidates and the presentation and explanation of programs on a commercial, entertainment, or any other program aside from a political-news program;
- During the period of immediate preelection activities and the elections, the public media are obligated to refuse to report any messages containing hidden electoral propaganda;
- All columns or radio and television broadcasts that are intended for the introduction of candidates must be designated as such;
- When visually presenting candidates and electoral programs, the filming shall use the same technical means for each candidate and for each party, with the same set design and with party emblems of the same dimensions, as well as one graphic characterization of party affiliation;
- When presenting candidates, the professional qualifications of the candidates shall be excluded;

- The usual technical and ethical standards apply to reports and spots (especially the ban on comparative propaganda);
- The political characterization of articles or programs in connection with electoral activities may not, through arbitrary qualifications by the journalist or announcer in describing them, create the impression of a misrepresentation of the candidate or party (e.g., moderate, extremist, far-left, right, centrist, etc.);
- The public media shall control the manner of reporting from public assemblies of political parties during the preelection and election period through concrete programs of information concerning preelection and election activities;
- The public media shall report on forms of activity of political parties (press conferences, the release of announcements, grand stands, roundtables, protocols, etc.) within the framework of existing program-editing criteria, proceeding from the contents of these activities and public interest.

Article 3

The public media are obligated, in accordance with the law, to ensure the constitutional right to response and correction for all participants in the electoral process.

Article 4

The public media are obligated to cease all electoral propaganda at least 48 hours prior to the day on which the elections are held.

Article 5

Public media and participants in electoral-promotional news programs do not have the right to provide advance

results or assessments of the results of the elections while presenting parties and candidates, nor to announce the results of corresponding polls.

Article 6

On commercial programs, the presenters of candidates may advertise candidates and electoral programs for compensation and under identical conditions.

Article 7

All the media that publish the press or broadcast programs whose founders are the federal state, member-republics, provinces, cities, and opstinas are obligated to ensure equal conditions for the portrayal of applicants of electoral lists and candidates on electoral lists within the framework of their own rules, which are adopted with the consent of the founders.

Article 8

Representatives of organizations that publish the press or broadcast radio and television programs whose founders are the federal state or member-republics, representatives of the founders, and representatives of political parties that intend to participate in the elections shall establish by agreement the number and length of broadcasts and other conditions for the equal portrayal of candidates and political parties.

Article 9

The provisions of these Rules also apply to public media whose founders are joint-stock companies, juristic persons, and civil persons, and to all media whose activities are coordinated according to the Law on the Foundations of the Public Information System.

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